MACARTHUR Minerals Limited

ACN 103 011 436

Management's Discussion and Analysis

(Form 51-102F1)

For the Quarter ended June 30, 2019

Information as of August 29, 2019 unless otherwise stated

Note to Reader

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Macarthur Minerals Limited ("Macarthur" or the "Company") for the nine month period ended June 30, 2019 has been prepared by management, in accordance with the requirements of National Instrument 51-102, as of August 29, 2019 (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, 2018, together with the notes thereto, as well as the Company's previous quarterly financial and MD&A reports throughout the previous year. The Condensed Interim Consolidated Financial Statements for the nine month period ended June 30, 2019 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 Venture Exchange ("TSX-V") (symbol: MMS) and OTC marketplace OTCQB (symbol: MMSDF). Macarthur Minerals has three iron ore projects in the Yilgarn region of Western Australia. The Company has also established multiple project areas in the Pilbara, Western Australia for conglomerate gold, hard rock greenstone gold and hard rock lithium. In addition, Macarthur Minerals has significant lithium brine interests in the Railroad Valley, Nevada, USA.

WESTERN AUSTRALIAN IRON ORE PROJECTS

Lake Giles Projects

Macarthur Minerals' Lake Giles Iron Ore Projects ("Lake Giles Projects") are located on mining tenements covering approximately 62 km^2, 175 kilometres ("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 Lake Giles Projects are situated in the Yilgarn Region of Western Australia. The Yilgarn Region is host to many significant mineral deposits that have been, or are being, mined for iron ore. The tenements cover the Yerilgee greenstone belt which is some 80 km in length and lies within the Southern Cross Province of the Yilgarn.

The Lake Giles Projects are approximately 90 km from the existing Perth Kalgoorlie Railway 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 available capacity, which is not certain.

The Lake Giles Projects comprise of two mineral projects:

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

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

The Ularring Hematite Project's Mineral Resources are comprised of Indicated Mineral Resources of approximately 54.5 Mt @ 47.2% Fe and approximately 26Mt @ 45.4% Fe Inferred resources.

The Mineral Resource estimates were prepared by CSA Global on behalf of Macarthur Minerals (N143-101 Technical Report, 2012[1]) 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 (NI 43-101 Technical Report, 2009[2]) and was updated by Snowden Mining Industry Consultants in 2011 (NI 43-101 Technical Report, 2011[3]). The Moonshine Magnetite Project has an Inferred Mineral Resource consisting of approximately 1,316 Mt @ 30.1% Fe. This mineral resource is beneficiated to produce a plus 68% Fe magnetite concentrate.

In February 2011, Macarthur released its Preliminary Economic Assessment ("2011 PEA") for the Moonshine Magnetite Project for the production of 10 Mtpa of high-grade magnetite concentrate (press release dated February 7, 2011[4]). The 2011 PEA outlined several logistical and port scenarios including slurry transport 110 km to a dewatering plant and rail siding south of the town of Menzies.

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[1] NI 43-101 Technical Report filed October 1, 2012, titled "NI 43-101 Technical Report, Macarthur Minerals Limited, Pre-Feasibility Study, Ularring Hematite Project, Western Australia."
[2] NI 43-101 Technical Report filed December 17, 2009, titled "NI 43-101 Technical Report on Lake Giles Iron Ore Project: Western Australia."
[3] 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".
4 NI43-101 Technical Report filed March 25, 2011, titled "Macarthur Minerals Limited: Moonshine and Moonshine North Prospects, Lake Giles Iron Project, Western Australia, NI43-101 Technical Report – Preliminary Assessment

Discussion on Operations (Cont'd)

Similarly, in September 2012, Macarthur released its Prefeasibility Study ("2012 PFS") (press release dated August 16, 2012[5];) for the Ularring Hematite Project, which focused on mining 2 million tonnes per annum ("Mtpa") of hematite/goethite iron ore in the Yilgarn region of Western Australia. The 2012 PFS outlined a wet beneficiation process that would produce a +60% Fe sinter fines product featuring low levels of the deleterious elements of Silica, Alumina, Phosphorus and Sulphur. The final product would then be road hauled 110 kilometers on a public road to a rail siding south of the town of Menzies. From here the iron fines would be transported along existing rail infrastructure to the Port of Esperance for export.

Since the release of those studies, the iron ore market has undergone a dramatic shift where low grade iron ore <60% Fe is currently heavily discounted while the high-grade market, including magnetite concentrate is attracting premium pricing.

In response, Macarthur has revised its strategy to align the Projects with current and forecast market conditions, capital markets and available capacity of regional infrastructure. The greatest impediment to development of the Moonshine Magnetite Project envisaged by the 2011 PEA is the substantial capital cost. Moreover, the planned production exceeds current capacity at the Port of Esperance.

Macarthur has therefore reduced the output of the Projects to a modest 3 Mtpa and streamlined project infrastructure to reduce capital cost.

With the exit of Cleveland Cliffs Inc. and subsequent reduction in production at the Koolyanobbing operation which is located adjacent to Lake Giles Projects by current owner, Mineral Resources Limited, there is now capacity on the Perth to Kalgoorlie rail line. This rail line is far superior to the originally proposed Menzies line and translates into a significant reduction in rail haulage tariffs. Additionally, the cessation of Cleveland Cliffs Inc. has made available approximately 800 rail wagons which have been acquired at a significantly discounted price by Macarthur's preferred rail operator. Furthermore, the rail car dumper ("RCD") at the port of Esperance previously owned and monopolised by Cleveland Cliffs Inc., has become open access for the available capacity that is expected to be at least 6 Mtpa.

These logistical changes and access to regional infrastructure greatly improve the Project's economics and attractiveness to offtake and funding partners. For the first time, Macarthur has a direct route through a port with little competition for capacity.

Based on the logistical changes described above, Macarthur has re-evaluated the economics of a combined magnetite and hematite DSO operation. In June 2019, Macarthur released the results of its Preliminary Economic Assessment on the Lake Giles Iron Ore Project.[6]

The key elements that have been revised contributing to substantial cost savings include:

- road haulage along a private haul road 90 km to rail south of the Project
- access to the export infrastructure at the Port of Esperance
- utilisation of the open access rail line running between Perth and Kalgoorlie
- removal of slurry transport in favour of road haulage to a rail terminal
- product stream consisting high grade >65% Fe magnetite and hematite fines concentrate
- reducing the size of the magnetite project from 10 to 3 Mtpa
- reducing the estimated operating cost of hematite to A$44.71/t shipped FOB
- confirming the estimated operating cost of magnetite to A$53.47/t FOB

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5 Previously announced on August 16, 2012 NI 43-101 Technical Report filed October 1, 2012, titled "NI 43-101 Technical Report, Macarthur Minerals Limited, Pre-Feasibility Study, Ularring Hematite Project, Western Australia
6 Refer to the Company's news release dated June 17,2019.

Discussion on Operations (Cont'd)

The revised cost estimates from the 2019 PEA are as follows:

	Hematite 2012 PFS	Magnetite 2011 PEA	Hematite 2019 Revised Estimate	Magnetite 2019 Revised Estimate
Opex (/t FOB)	A$78.14	A$52.3 to 59.3	A$44.71	A$53.47
Capex (million)	A$262.7	A$2,459 to 2,913	A$466.3	

Treppo Grande Iron Ore Project

On February 15, 2018, the Company's wholly owned subsidiary, Esperance Iron Ore Export Company Pty Ltd ("EIOEC") made an application for Exploration Licence E77/2521 for the Treppo Grande Iron Ore Project ("Treppo Grande Project").

The Treppo Grande Project covers an area of 68 km^2 and is located approximately 32 km west of the Lake Giles Projects. The project is also 35km east of Mineral Resource Ltd's (MRL) Koolyanobbing Iron Ore Operations and is in close proximity to established rail infrastructure to the Port of Esperance.

This area has been held by a private exploration company wholly owned by renowned Kalgoorlie Prospector Mel Dalla-Costa for the past 8 years under an Exploration License (EL77/1208). During this time, approval was granted for an exploration program of diamond drilling and geophysical mapping. The Treppo Grande Project has already benefited from flora and fauna baseline surveys indicating that the conservation values of Mt Manning are a lower priority than surrounding BIF ridges. In addition, an ethnographical cultural heritage survey by the Traditional Owners has cleared the area for sites of significance.

The Treppo Grande Project was explored in recent years for high grade hematite iron ore mineralisation. Historical exploration identified three potentially economic styles of Direct Shipping Ore ("DSO") mineralisation including massive dense haematitic ironstones, specular hematite and oxidised 'Indurated Detrital Ironstone'. A drilling programme consisting of two diamond holes penetrated the haematitic ironstone at the J-Hook prospect. Significant intercepts include 17.5m @ 65.49% Fe from 2.5m from hole MMS002 and 40.4m @ 55.77% Fe from 3.6 m from hole MMS001. The iron-rich mineralisation (> 55% Fe) is centered on the J-Hook prospect that contains occurrences of massive, fissile and specular hematite.

The Company also has two iron ore exploration areas (E77/2543 and E77/2542) in the Yilgarn region, adding an additional 42km^2 to the Company's portfolio. These tenements are adjacent to the Mt Jackson and Deception iron ore deposits owned by MRL.

The Company has been reviewing its iron ore projects in light of the emergence of rail and port capacity through to the Port of Esperance given the reduced output of MRLs Koolyanobbing Operation and cessation of mining at MRLs Carina project.

WESTERN AUSTRALIAN GOLD PROJECTS

Hillside Gold Project

The Hillside Gold Project encompasses Exploration License E45/4685, E45/4824, E45/4708 and E45/4709 held by Macarthur Lithium Pty Ltd ("MLi"), a wholly owned subsidiary of Macarthur Minerals. This group of tenements is located approximately 185 kilometres ("km") South East of Port Hedland and 50 km South West of Marble Bar (the "Hillside Gold Project") in Western Australia.

The Hillside Gold Project is highly prospective for gold and copper. The area has previously been explored by various companies for gold, copper, zinc and lead but limited drilling exists.

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

Discussion on Operations (Cont'd)

The Company conducted a reconnaissance field trip to the Hillside Gold Project to further investigate the highly anomalous gold results previously reported. This trip confirmed the potential for high grade gold on the Hillside Gold Project. In late May 2018, an Airborne Electromagnetic survey was flown over the Hillside Gold Project over two areas. The aim of the survey was to define high priority targets from conductors such as clusters of massive sulphide hosted base metal deposits at depth. The survey was conducted using the SkyTEM system with 150m spaced lines. In total, the system flew 846 line-kilometers covering approximately 125 km^2. The survey was successful and identified 18 high priority bedrock conductors for gold including two isolated discrete bedrock conductors that correlates with historical gold workings, magnetic anomalies and fault systems. Geological mapping and geochemical sampling will be undertaken across these target areas, followed by drilling of select targets.

Panorama Gold Project

The Panorama Gold Project encompasses Exploration Licenses E45/4732 and E45/4779 held by MLi, covering a total of 265km^2.

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

Artemis Resources Earn-In

On September 28, 2017 the Company entered into a binding term sheet with ASX listed Artemis Resources Limited (ASX: ARV) ("Artemis") for Artemis to earn-in up to 80% interest in two tenements of the Panorama Gold Project. The Company accepts Artermis' Notice of termination for the earn-in and joint venture letter agreement between Artemis and the Company on December 19, 2018.

Bonnie Scot Tenement

The Bonnie Scot Tenement encompasses exploration license E45/4764 covering an area of 13 km^2 in the Pilbara region of Western Australia ("Bonnie Scot Tenement") and is immediately adjacent to the Company's Panorama Gold Project.

In May and July 2018, the Company conducted stream sediment sampling programs across the tenement. During the geochemical survey a total of 45 samples were collected from selected drainage courses confirming several anomalous sediment values ranging from 13 ppb to 113 ppb Gold. This area was previously identified from historical rock chip sampling program with values of up to 3.5 g/t Au.

The Bonnie Scot Tenement is located approximately 42 km west-southwest of Marble Bar and 265 km east-south-east of Karratha, in the Pilbara region of Western Australia. Geological Survey of Western Australia (GSWA) mapping across the tenement shows areas of the Mt Roe Basalt which is known to overlie the conglomerate gold horizon at Artemis' Purdy's Reward. Beds of auriferous (gold containing) conglomerate up to 2 m thick at the base of the Mt Roe Basalt have been worked at the Just-In-Time and Tassy Queen mines located within 10 km of Macarthur Minerals' tenements and in close proximity to ground held by Creasy Group[7].

WESTERN AUSTRALIAN NICKEL AND COBALT PROJECTS

The Company has identified two areas prospective for sulphide hosted base metal deposits based on historical drill results at the Snark and Moonshine prospects, located on the Company's Lake Giles Projects in the Yilgarn, Western Australia.

The Snark prospect is considered to be a highly favourable tectonic and structural setting and is well supported by surface geology featuring volcanic sequences comprising of high Mg basalts and Kambalda type komatiitic ultramafic flows in which nickel-sulfide ore bodies are hosted. In February 2018 a reconnaissance trip to the area discovered surface rock samples containing the cobalt mineral asbolite with assays reporting up to 2.6% cobalt and 2.0% nickel.

7 Geology of the Fortescue Group, Pilbara Craton, Western Australia. Western Australia Geological Survey, Bulletin 144

Discussion on Operations (Cont'd)

The Moonshine prospect has also been identified as prospective for nickel sulphide deposits from previous drilling. Anomalous nickel values including 0.9% Ni from 10.5 meters to 22 meters including 1 meter at 1.4% nickel were detected within the first 30 meters of a diamond drill hole completed by the company in 2012. Anomalous cobalt averaging 0.13% was also discovered from 18.5 meters to 22 meters.

The Company completed Moving Loop Electromagnetic ("MLEM") and Fixed-Loop Electromagnetic ("FLEM") surveys across three prospect areas: Moonshine, Snark and Clark Hill. Interpretation of the MLEM and FLEM survey identified three high priority nickel sulphide targets, consisting of two distinct bedrock conductors at Moonshine and a further bedrock conductor at Snark. The Company completed 395 meters of Reverse Circulation "RC" drilling at Moonshine North in October 2018. Both holes successfully intersected sulphide minerals at depth with sulphide mineralisation open at depth with the hole ending in sulphide mineralisation. Semi-massive sulphide comprising 20% pyrite/pyrrhotite was recorded over 12m in hole 18MRC002 from 185m to end of hole ("EOH").

During the year the company received the assay results for the two Reverse Circulation ("RC") drill holes completed at Moonshine North. Anomalous nickel was found in hole 18MNRC001 with average 0.2% Ni over 31 meters ("m"). Potassic alteration was identified in hole 18MRC001 from 140m to 146m (20% Potassium content) marginal to the sulphide intersection in the hole. Anomalous gold associated with sulfidic chert was also found in interval 106m to 113m in hole 18MNRC001 (average gold content 159 part per billion ("ppb") over the interval). Both holes had successfully intersected sulphide minerals at depth and semi-massive sulphide comprising 20% pyrite/pyrrhotite was recorded over 12m in hole 18MRC002 from 185m to end of hole ("EOH"). Sulphide mineralisation is open at depth and on strike with the hole ending in sulphide mineralisation.

A follow up Stage 2 drilling program is planned to determine the extent and depth of the mineralisation and whether the sulphide mineralisation is an indicator of a nickel sulphide mineralisation system deeper in the succession or close by. The initial holes will be drilled deeper through the sequence with a diamond tail.

WESTERN AUSTRALIAN LITHIUM PROJECTS

Macarthur Minerals has 18 Exploration Licenses in the Pilbara covering a total area of approximately 1,281km^2.

Tambourah Lithium Project

The Tambourah Lithium Project consists of Exploration License E45/4848 and is located approximately 200 km southeast of Port Hedland and 80 km southwest of Marble Bar in the Pilbara region of Western Australia. Assays received from rock chip sampling returned very promising results of up to 1.47% lithium (Li_2O), confirming the presence of lithium bearing pegmatites.

The Company also holds Exploration License E45/5324, which is near its Tambourah Lithium Project in the Pilbara Region of Western Australia. A review of historical data indicates the area is prospective for nickel-copper-cobalt and platinum group element mineralization.

WESTERN AUSTRALIAN GOLD AND LITHIUM PROJECTS EARN-IN AGREEMENT

On May 14, 2019 Macarthur entered into an option agreement with ASX listed exploration Company Fe Ltd (ASX: FEL) to acquire up to 75% of the 18 tenements in the Pilbara. FEL will fund and manage exploration for the gold and lithium projects in the Pilbara.

NEVADA BRINE LITHIUM PROJECT

Reynolds Springs Lithium Brine Project

The Reynolds Springs lithium brine project consists of 210 new unpatented placer mining claims covering an area of 7 square miles (18 km^2) located in Railroad Valley, near the town of Currant, in Nye County, Nevada ("Reynolds Springs Project"). The Reynolds Springs Project is located approximately 180 miles (300 km) North of Las Vegas, Nevada, and 330 miles (531 km) South East of Tesla's new Gigafactory, which has a planned production capacity of 35 gigawatt-hours per year by 2020.

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.

Discussion on Operations (Cont'd)

In 2018 the Company completed an assessment of downhole geophysical logs for 12 – 15 abandoned oil and gas wells that are found both within (5 wells) and in the near vicinity of the project. Several zones of high conductivity were identified that are interpreted as being indicative of brine aquifers. The Company is now considering obtaining a permit to either re-enter one or more of the old wells or to drill new test wells or both.

Corporate Update

(i) Legal Proceedings

LPD v. Macarthur and Ors. ("New Proceedings")

LPD brought New Proceedings against the Company and some of its directors in November 2012 substantially on the same grounds, following dismissal of the Initial Proceedings. On November 26, 2013 the New Proceedings were stayed by consent pending payment of the indemnity costs of the dismissed Initial Proceedings and the appeal costs by LPD and Mayson. No steps have been taken in the New Proceedings by the plaintiff since January 22, 2015 and LPD cannot continue its action without first applying for leave of the Court.

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

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

As previously reported, the FSDC Directors were ordered to pay costs of $31,101 in relation to the FSDC Directors' Claim.

On September 14, 2018, the FSDC Directors replead and filed a Second Amended Statement of Claim ("Second FSDC Directors' Claim"), based on Bond J's judgement of March 1, 2017.

The Company and two of its officers applied to the Supreme Court of Queensland to strike out the Second FSDC Directors' Claim on December 3, 2018. The strike out application was set down for hearing on March 13, 2019. Judgement was adjourned to allow the plaintiffs to deliver a third further amended statement of claim by March 27, 2019.

On March 29, 2019, the FSDC Directors filed a Third further Amended Statement of Claim ("Third FSDC Directors' Claim"), based on Flanagan J's judgement of March 13, 2019. The strike out application to the Third FSDC Directors' claim was submitted by the Company and two of its officers on April 23, 2019.

On June 7, 2019, the Proceedings was dismissed in its entirety and an order for costs be awarded to the Company, with an opportunity for the Company to make submissions seeking that costs be awarded on the indemnity basis, rather than on the standard basis, and also the opportunity for the plaintiffs to lodge an appeal by July 5, 2019.

The submission on costs of and incidental to the proceedings on the indemnity basis was filed by the Company on June 21, 2019.

On July 5, 2019, the FSDC Directors filed a notice of appeal to the Supreme Court of Queensland where the review will be held by the court on August 28, 2019. The appeal in this matter has been set down for hearing on October 24, 2019.

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

Corporate Update (Cont'd)

(iii) Private Placement

On March 19, 2019, the Company announced a non-brokered private placement (the "Offering") of up to US$6 million of secured Convertible Note ("Note"). Each Note has a face value of US$10,000 convertible at the greater of 80% of the average VWAP over 5 trading days immediately preceding the date of a notice of conversion and C$0.10 with attaching warrant offered for one fourth of the commitment amount at an exercise price at the greater of C$0.10 and the average VWAP in respect of Shares during the five Trading Days immediately preceding the Advance Date. Notes and Warrants are subject to a restricted (or "hold") period of 4 months and one day following the distribution date with an expiry date of 36 months from advance date.

On July 10, 2019, the Company closed the Offering for gross proceeds of US$6,000,000 on conditional acceptance.

(iv) Equity Movements

Since the year end and up to the date of signing this report the Company has issued 15,867,341 ordinary shares raising $283,317.70. 11,000,000 ordinary shares were issued on vesting of RSUs.

Included in the share issues above are the exercise of 280,000 warrants, 4,500,000 options and 11,000,000 restricted share units. A total of 250,000 RSU's expired.

(v) Option Agreement with Fe Limited

Macarthur Lithium Pty Ltd ("MLi"), a wholly owned subsidiary of Macarthur entered into an exclusive option agreement ("Option Agreement") with Fe Limited (**ASX: FEL**) ("FEL") on May 14, 2019, for FEL to acquire an interest of up to 75% in the lithium and gold tenements in Pilbara region of Western Australia with a 45-day option for FEL to conduct due diligence and secure the required funding to proceed with exercising the option. The Project includes 18 tenements highly prospective for gold, copper and lithium in proximity to numerous known hard rock lithium and gold deposits in the central and eastern Pilbara.

On July 2, 2019, FEL elected to exercise its option to earn-in up to 75% interest in the Company's gold, copper and lithium tenements in the Pilbara Region of Western Australia.

(vi) Board Changes

On May 21, 2019, David Lenigas resigned as an Independent Director and Andrew Suckling was appointed as a Non-Executive Director in his replacement.

The Board is now comprised of Mr Cameron McCall as Executive Chairman, Mr Joe Phillips as CEO and Director, Mr Andrew Suckling as Independent Director, Mr Earl Evans as Independent Director and Mr Alan Phillips as Non-Executive Director.

(vii) Technical Report for Lake Giles Iron Ore Project

The results of the Preliminary Economic Assessment ("PEA") undertaken by independent consultants Engenium Pty Ltd ("Engenium") for its 100% owned Lake Giles Iron Ore Project ("the Project") in Western Australia was issued and filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") on June 17, 2019.

The PEA was completed for a 2.5 to 3.4 Mtpa operation incorporating the Moonshine Magnetite and Ularring Hematite Mineral Resources to produce a high-grade blended concentrate in excess of 65% Fe. The technical and financial evaluation in the PEA indicates the Project is potentially economically viable and further project development is justified.

The independent technical report, entitled "NI43-101 Technical Report, Macarthur Minerals Limited, Preliminary Economic Assessment Lake Giles Iron Project, Western Australia, (the "2019 Technical Report") with an issue date of June 13, 2019, was prepared in accordance with the requirements of National Instrument 43-101 ("NI 43-101").

Results of Operations and Financial Condition

(All amounts in Australian dollars)

The following financial information should be read in conjunction with the Condensed Interim Consolidated Financial Statements for the nine month period ending June 30, 2019 which are prepared in accordance with IFRS.

Exploration and Evaluation Expenses

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

Australian $	Quarter Ended June 30, 2019	Quarter Ended June 30, 2018
Capitalized expenses	273,002	373,377

For the quarter ended June 30, 2019, the Company expended $273,002 on exploration and evaluation activities. For the corresponding quarter ended June 30, 2018 the Company expended $373,377 on exploration and evaluation activities. This represents a decrease in expenditure of $100,375. The largest elements of exploration and evaluation costs during the quarter were rents and rates representing 48% and research and reports of 25%.

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

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

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

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

Administrative Expenses

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

Australian $	Quarter Ended June 30, 2019	Quarter Ended June 30, 2018
Administration Expenses	(1,437,119)	486,128

For the quarter ended June 30, 2019, the Company expended $1,437,119 on administrative expenses compared with administrative expenses of $486,128 for the corresponding quarter ended June 2018. The largest elements of administrative expenses for the quarter were personnel fees of $1,139,966, which included an entry to account for 11,000,000 RSU's issued to Employee and Consultant which vested during the quarter ($922,900).

Results of Operations and Financial Condition (Cont'd)

Income

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

Australian $	Quarter Ended June 30, 2019	Quarter Ended June 30, 2018
Interest Income	354	1,000
Other Income	100,000	-
Net Other Income (Gain on Sale of Asset)	-	-
Change in fair value of warrant liability	730,411	-

For the quarter ended June 30, 2019 the Company earned interest income of $354 compared with $1,000 for the corresponding quarter ended June 30, 2018. Interest income decreased by $646 due to interest earned on a decreased cash balance.

For the quarter ended June 30, 2019 the Company recognized other income of $100,000 for Option Fee Income received.

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.

Income Taxes

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

Net Losses

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

Australian $	Quarter Ended June 30, 2019	Quarter Ended June 30, 2018
Net loss	606,354	485,128

The net loss for the quarter ended June 30, 2019 was $606,354 compared with $485,128 for the corresponding quarter ended June 30, 2018. This increase in net loss of $121,226 was mainly attributable to accounting for RSU's vested during the quarter ended June 30, 2019.

Change in Financial Position

Australian $	3 months to June 30, 2019	3 months to June 30, 2018
Cash and cash equivalents	428,204	643,131
Exploration and Evaluation assets[1]	63,266,646	6,577,403
Property, Plant and Equipment	46,460	40,116
Total Assets	64,267,683	7,390,993
Accounts Payable and Accrued Liabilities	475,462	517,968
Total Liabilities	3,320,853	746,403
Net Assets	60,946,830	6,644,590
Net Working Capital[2]	(482,667)	205,279

[1] Exploration and Evaluation assets amount as at June 30, 2019 were for the Iron Ore Projects.
[2] Excludes warrant liabilities.

At June 30, 2019 the Company had net assets of $60,946,830 compared to $6,644,590 at June 30, 2018 and include the Impairment reversal adjustment as detailed in the Audited Annual Financial Statements for the year ended 31 March 2019.

Results of Operations and Financial Condition (Cont'd)

The Company's cash and cash equivalents balance of $428,204 at June 30, 2019, was a decrease of $214,927 from the June 30, 2018 balance, due to Private Placements activities undertaken during 2018. Refer below for the cash flow movement for the 3 months to June 30, 2019.

Plant and equipment was $46,460 at June 30, 2019 reflecting the depreciated book value of various site and office equipment.

The Company's net working capital at June 30, 2019 was a deficit of $482,667 compared with a net working capital of $205,279 at June 30, 2018. The decrease in the net working capital for the 12 months to June 30, 2019 is due to higher liabilities as at Jun 30, 2019 and a lower cash balance compared to 30 June 2018.

Year to Date Cash Flows

Australian $	**3 months to June 30, 2019**	**3 months to June 30, 2018**
Operating Activities	(1,206,948)	(356,470)
Investing Activities	(309,227)	(371,332)
Financing Activities	1,626,351	645
Total cash movement	110,176	(727,157)

Cash outflow from operating activities during the period ended June 30, 2019 was $1,206,948 compared with $356,470 for the prior corresponding period. The increased cash outflow was mainly due to higher administrative costs.

Cash outflow from investing activities during the period ended June 30, 2019 was $309,227 compared with $371,332 in the prior corresponding period.

Cash inflow from financing activities during the period was $1,626,351 compared with cash inflow of $645 for the corresponding prior period. The increase relates to higher equity raised during the period ended June 30, 2019.

Summary of Quarterly Information

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with June 30, 2019. This financial information is derived from the Annual Audited Financial Statements of the Company.

	Sept 30, 2017 $	**Dec 31, 2017 $**	**Mar 31, 2018 $**	**Jun 30, 2018 $**	**Sept 30, 2018 $**	**Dec 31, 2018 $**	**Mar 31, 2019 $**	**Jun 30, 2019 $**
Interest Income	711	306	6,391	1,000	83	2,593	789	354
Net profit/(loss)	(634,741)	(408,135)	(2,222,832)	(485,128)	(454,490)	(343,521)	52,400,354	(606,354)
Net profit/(loss) per share	(0.003)	(0.002)	(0.012)	(0.002)	(0.002)	(0.002)	0.169	(0.002)

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

During the last 8 quarters, the Company has consistently reported net losses, with the exception of the quarter ended March 31, 2019 where an impairment reversal adjustment was made to the accounts resulting in a Net Profit of $52,400,354. The most significant factor affecting quarterly losses is continuing administrative expenses.

Liquidity and Capital Resources

At June 30, 2019, the Company had a net working capital deficit of $482,667. Since the period ended June 30, 2019, the Company raised USD$4,100,000 from Convertible Notes.

The Company's has no external borrowings.

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

Related Party Transactions

Balances and transactions between the Company and its wholly owned subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this MD&A. There were no transactions between the Company and related parties in the wholly owned Group during the period ended June 30, 2019 other than remuneration for key management personnel, details are disclosed below. The terms and conditions of those transactions were no more favorable than those that it is reasonable to expect that an entity would have adopted if dealing on an arm's length basis.

Key Management Personnel

The following persons were key management personnel of the Company during the period ended June 30, 2019.

Executive Directors

Cameron McCall, Executive Chairman

Joe Phillips, CEO and Director

Non-Executive Directors

Alan Phillips, Non-Executive Director

David Lenigas, Non-Executive Director (resigned 21 May 2019)

Earl Evans, Non-Executive Director

Andrew Suckling, Non-Executive Director (appointed 21 May 2019)

Details of Remuneration

For details on the remuneration of each key management personnel of the Company refer to Note 8 of the Condensed Interim Consolidated Financial Statements for the period end June 30, 2019.

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 5 to the Condensed Interim Consolidated Financial Statements for the period ended June 30, 2019.

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, nor has it any retained or contingent interests in assets transferred to an unconsolidated entity. The Company has not committed to any obligations under any derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing, hedging or research and development services with the Company.

Risks and Uncertainties

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

GENERAL

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

The recoverability of the Mineral Resources and Mineral Reserves are dependent upon the ability of the Company to obtain the necessary financing to continue exploration and evaluation of its properties, and upon future profitable production or proceeds from the disposition of the properties. The Company's ability to continue its operations is dependent on its ability to secure additional financing, and while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future. In order to continue developing its mineral properties, management is actively pursuing such additional sources of financing that may be required.

Resource exploration and evaluation is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting both from the failure to discover mineral deposits and from finding mineral deposits which, though present, are insufficient in size and grade at the then prevailing market conditions to return a profit from production. The marketability of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company.

These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, infrastructure, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

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

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

RISKS RELATING TO THE BUSINESS OF THE COMPANY

Going Concern (Trends)

The Company's financial success is dependent upon the discovery of commercial Mineral Resources on its projects which could be economically viable to develop. Such development could take several years to complete and the resulting income, if any, is difficult to determine at this time. The sales value of any mineralization discovered by the Company is largely dependent upon factors beyond the Company's control, such as the market value of the products produced.

Risks and Uncertainties (Cont'd)

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 – Executive Chairman
- Joe Phillips – CEO and Director
- Alan Phillips – Non-Executive Director
- David Lenigas – Non-Executive Director (resigned 21 May 2019)
- Earl Evans – Non-Executive Director
- Andrew Suckling – Non-Executive Director (appointed 21 May 2019)

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

Risk of the General Market and Economic Conditions

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

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

Competitive Conditions Risk

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

Risks and Uncertainties (Cont'd)

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 June 30, 2019 the Company's accumulated losses were $44,390,522.

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 Mineral'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 Minerals. Insurance of all risks associated with exploration and evaluation is not always available and where available the costs may be prohibitive.

Risk of Terrorist Attack or Other Sustained Armed Conflicts

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

RISK FACTORS RELATING TO FINANCE

Liquidity Risk (Solvency Risk)

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

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

Risks and Uncertainties (Cont'd)

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

Macarthur 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 Minerals.

The Company has a requirement to raise further capital. The Company has not made any commitments for significant capital expenditures. Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of raising additional funds through private placements and its planned exploration programs.

Commodity Price Risk

The Company's future revenues, if any, are expected to be in large part derived from the mining and sale of minerals or interests related thereto. The price of various minerals has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international economic, financial and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of mineral substitutes, mineral stock levels maintained by producers and others and inventory carrying costs.

The effect of these factors on the price of various minerals, and therefore the economic viability of the Company's operations cannot accurately be predicted. As the Company has not yet reached the mining stage, its exposure to price risk does not impact on the financial statements however price risk is a critical assumption for the Company's reported Scoping Studies and Preliminary Feasibility Study for the Lake Giles Iron Ore Projects ("Project Studies"). In addition, the oversupplied iron ore markets and depressed iron ore prices has previously constrained the Company's ability to fund further development of its Lake Giles Iron Ore Projects.

Credit Risk

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

Risk Related to the Economics of Developing Mineral Properties

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

Depending on the price of minerals produced, the Company may determine that it is impractical to commence commercial production.

Risks and Uncertainties (Cont'd)

Currency Risk

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

Interest Rate Risk

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

Risk of Unforeseen Expenses

While Macarthur 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 quarter ended June 30, 2019, the closing price per share of the Company fluctuated from a low of CAD$0.07 to a high of CAD$0.125.

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 June 30, 2019, there were 27,615,263 stock options, 5,255,882 RSUs and 86,983,650 warrants outstanding.

Share Liquidity Risk

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

Risks and Uncertainties (Cont'd)

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.

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

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

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

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

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

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.

Risks and Uncertainties (Cont'd)

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 – Lake Giles Iron Ore Projects

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

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

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

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

Risk of Reliance on and Relevance of Project Studies – Lake Giles 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.

Risks and Uncertainties (Cont'd)

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 involve a high degree of risk and few properties which are explored are ultimately developed into producing mines.

There is no assurance that mineral exploration and evaluation activities will result in the discovery and development of a body of commercial minerals on any of the Company's properties. Several years may pass between the discovery of a deposit and its exploitation. Most exploration projects do not result in the discovery of commercially mineralized deposits.

Operating Hazards and Risks

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, evaluation, development and production of resources, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labor disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labor are some of the risks involved in the operation of mines and the conduct of exploration programs.

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

Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Risk of Availability of Labour

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

Risks and Uncertainties (Cont'd)

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.

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.

Risks and Uncertainties (Cont'd)

Jurisdiction Risk

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

Accounting Policies

Accounting policies, including new accounting standards and interpretations, followed by the Company are set out in Note 3 to the Condensed Interim Consolidated Financial Statements for the period ended June 30, 2019.

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 year ended March 31, 2019 the Group made an impairment reversal adjustment to its exploration and evaluation assets as set out in Note 12 in the Audited Annual Financial Statements for the year ended March 31, 2019.

(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.

(iii) Deferred tax assets

The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets, as set out in Note 6 in the Audited Annual Financial Statements for the year ended March 31, 2019.

(iv) Going concern

As set out in Note 2(b) in the Audited Annual Financial Statements for the year ended March 31, 2019, 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 12 to the Condensed Interim Consolidated Financial Statements for the period ended June 30, 2019.

Disclosure Controls and Procedures

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

The Company's CEO and CFO oversee on an annual basis the evaluation of the effectiveness of the Company's disclosure controls and procedures and as at March 31, 2019 concluded that they are effective and provide reasonable assurance that material information relating to the Company was made known to them and reported as required.

Internal Controls Over Financial Reporting ("ICFR")

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

The CEO and CFO have overseen the evaluation of the design and effectiveness of the Company's ICFR based on the framework established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and concluded that the Company's ICFR was effective as of June 30, 2019.

There were no significant changes that occurred during the period ended June 30, 2019 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 June 30, 2019

The CEO and the CFO oversee all material transactions and related accounting records. The Audit Committee of the Company, with management, reviews the financial statements of the Company, on a quarterly and annual basis. The external auditor audits annually the Company's financial statements and disclosures

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

Outstanding Share Data as of August 29, 2019:

Authorized and issued share capital:

Class	**Par Value**	**Authorized Common shares (No par value)**	**Issued**
Common	No par value	Unlimited	321,033,625

As at August 29, 2019 there were 26,215,263 stock options, 5,255,882 RSUs and 86,703,650 warrants outstanding.

Other Information

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

Competent Person's Statement

Ian S Cooper, B.Sc., A.R.S.M., F.G.S. FAusIMM, a Fellow of the Australasian Institute of Mining and Metallurgy, is a consultant geologist to Macarthur and is a Qualified Person as defined in National Instrument 43-101. Mr Cooper has reviewed and approved the technical information in relation to the Ularring Hematite and Moonshine Magnetite Iron Ore Projects, Western Australian Gold Project, Western Australian Lithium Project, Treppo Grande Iron Ore Project, Nickel and Cobalt Projects and Nevada Brine Lithium Project (excluding any corporate matters) contained in this MD&A and has consented to the public filing of the MD&A.

By order of the Board

"*Cameron McCall*"	"*Andrew Suckling*"
Cameron McCall	Andrew Suckling
Executive Chairman	Independent Director