MACARTHUR
Minerals Limited

ACN 103 011 436

Management's Discussion and Analysis

(Form 51-102F1)

For the Quarter ended September 30, 2021

Information as of November 29, 2021 unless otherwise stated

Note to Reader

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Macarthur Minerals Limited ("Macarthur" or the "Company") for the six-month period ended September 30,2021 has been prepared by management, in accordance with the requirements of National Instrument 51-102, as of November 29, 2021 (unless otherwise stated).

This MD&A should be read in conjunction with the Company's Annual Audited Financial Statements and MD&A for the period ended March 31, 2021, together with the notes thereto, as well as the Company's previous quarterly and half yearly financial and MD&A reports. The Condensed Interim Consolidated Financial Statements for the six-month period ended September 30, 2021 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 and Australian 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, without limitation: 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 MD&A or as of the date or dates specified in such statements 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 or as of the date or dates specified in such statements and the Company does not intend and does not assume any obligation, to update these forward-looking statements, except as required by applicable law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. 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), Australian Securities Exchange ("ASX") (symbol: MIO) and OTCQB Venture Market ("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 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 Iron Project (comprising the Moonshine Magnetite Project and the Ularring Hematite Project) is located approximately 450 kilometres East North- East of the coastal city of Perth, Western Australia, and approximately 115 kilometres West of the town of Menzies. Exploration for the Ularring Hematite and Moonshine Magnetite Projects has been sufficient to allow the estimation of Mineral Resources for both projects.

The average iron ore grades of major producers have been in decline globally for some time, and since January 2016, there has been a consistent premium gap between the 62% Fe benchmark prices and the higher grade +65%Fe (being the target grade for the Company's Lake Giles Iron Project). Although iron ore prices have fallen over the September 2021 Quarter, the premium gap remains and the Board remains confident that the convergence of global policy shifts with procurement strategies of major iron ore and steel consumers in coming decades in response to climate change, coupled with the potential for high grade magnetite products to help deliver global emissions reductions, will drive demand for the Company's high grade iron ore long into the future.

Ularring Hematite Project

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 (NI43-101 Technical Report, 2012[1]) and reported in accordance with the CIM Definition Standards for Mineral Resources and Reserves 2014.

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*. On March 26, 2021 the Company made application two miscellaneous licences to support the development of a mining camp and crushing and screening operations near the Snark deposit of the Ularring Hematite Project.

During the quarter, the Company engaged Orelogy Mining Consultants to commence mine planning for a small-scale DSO operation focusing on the Snark and Drabble Downs deposits. Preliminary pit optimisations have been completed with the next stage to focus on detailed pit designs and scheduling.

[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."

Discussion on Operations (Cont'd)

Moonshine Magnetite Project

On August 12, 2020 Macarthur released an updated Mineral Resource estimate for the Lake Giles Magnetite Project[2]. The Mineral Resource estimates includes Measured Mineral Resources of approximately 53.9Mt @ 30.8% Fe, Indicated Mineral Resources of 218.7 Mt @ 27.5% Fe and Inferred Mineral Resources of 997.0 Mt @ 28.4% Fe.

The company has commenced its work for a Feasibility Study (FS) focusing on the Moonshine magnetite deposit at Lake Giles. That work is well underway with the Mineral Resource estimates of the Moonshine deposit having been completed and released to the market on August 12, 2020. The Company filed the NI43-101 Technical Report on SEDAR, as announced on October 1, 2020[3].

On March 26, 2021 the Company made application for two "water search miscellaneous licenses" for the purpose of exploring for groundwater to support magnetite processing for the Lake Giles Iron Project. The applications cover 533 km^2 of the Rebecca Palaeovalley up to 35 km east of the Project. Prior to these applications the Company engaged CGG to undertake an aerial EM survey of the palaeochannels to as announced on March 26, 2021. The survey data will be used to define groundwater drilling targets.

On June 25, 2020, the Company lodged applications for tenure to construct a haul road and rail siding to support the Lake Giles Iron Project. Miscellaneous license application L16/133 will be used to construct a 93km haul road from the Moonshine deposit to a rail siding adjacent to the rail network, owned by Arc. The rail siding will be located on the applications for miscellaneous license L15/409 and exploration license E15/1775.

During the quarter, the Company engaged engineering consultants, Engenium (a division of Stantec) to complete the process and non-process engineering design. Engenium is currently managing the metallurgical test work program that will inform the process design. The Company submitted bulk samples of magnetite core to Bureau Veritas to complete the metallurgical test work under the supervision of Engenium. Test work included analyses of material properties, LIMs and HPGR studies. During the quarter the Company completed a program of geotechnical drilling encompassing a total of 9 diamond holes across the Moonshine and Moonshine North magnetite deposits. Samples have been submitted to the laboratory in Perth for analyses of various rock strength parameters. The outcomes are to be incorporated into the final mine design to be completed by Orelogy Mining Consultants.

Treppo Grande & Mt Jackson 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 License 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 had been held by a private exploration company wholly owned by renowned Kalgoorlie Prospector Mel Dalla-Costa for the past eight 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.

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 hematitic ironstones, specular hematite and oxidised 'Indurated Detrital Ironstone'. A drilling programme consisting of two diamond holes penetrated the hematitic 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.

2 Refer to the Company's news release dated August 12, 2020.
3 Refer to the Company's news release dated October 1, 2020.

Discussion on Operations (Cont'd)

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)(renamed to Infinity Mining Limited (Infinity) as of August 20, 2021 and currentlyin the process of listing to the Australian Securities Exchange (ASX)), a subsidiary of Macarthur Minerals. This group of tenements is located approximately 185kilometers (km) South East of Port Hedland and 50km 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.

The gossan line was traced over a 14km strike length with remnant outcrop identified at regular intervals along strike. A total of 36 rock chip samples were collected including 15 from outcropping gossan with several samples containing visible copper minerals such as malachite. Remaining samples were collected from quartz outcrops, many of which returned strongly anomalous gold grades.

The assay results are highly encouraging with eight samples returning copper values over 1% with a peak of 18.8% Cu and often accompanied with elevated gold, silver and zinc values (+/- cobalt).

Exploration at the Hillside Project also discovered high grade manganese mineralisation in sub parallel outcrops to the gossan line sampled above. Rock chips samples returned a maximum of 59.4% MnO (>46% Mn).

A drilling program focussing on the gossan line and outcropping quartz reefs was completed by FEL under an option agreement. A total of 36 holes for 1798 metres was drilled. Assay results returned from the laboratory demonstrate support for a mineralised gossan model with down dip extension of mineralised gossan at surface intercepted in three holes with the following results:

- HRC001: 1m @ 0.19% Cu, 230ppm Co, 0.14% Zn, 0.07ppm Au from 28m
- HRC022: 1m @ 0.74% Cu, 349ppm Co, 0.41% Zn, 0.14ppm Au from 83m
- HRC036: 1m @ 0.18% Cu, 0.12% Zn from 25m and 1m @0.27% Cu from 40m.

FEL conducted further exploration activities on the Hillside tenements following the drilling program completed in 2020 with a Fixed Loop Electromagnetic (FLEM) survey across six discreet areas covering a gossanous copper trend and indicating five SKYTEM anomalies identified in 2018. In total, 20 lines of FLEM were surveyed for a total of 246 stations over 11.05 line kilometres. Newexco interpretation recommended "all anomalies warrant further investigation in the field and are suggested for follow up drilling to determine the source of each anomaly". The Option Agreement with FEL was terminated on September 15, 2020 with Macarthur retaining full title to the tenements.

In early 2021, the Company conducted a reconnaissance field trip to further investigate the highly anomalous gold results previously reported and this confirmed the gold potential. In April 2021, MLi undertook an ASTER VNIR/SWIR and LWIR imaging survey over the Pilbara tenements, including E45/4685. In summary, this survey noted gold areas previously identified by groundwork was strongly associated with tourmaline and arsenopyrite. The association with these two endmembers opened up new target areas on this tenement. The ASTER survey also strongly associated copper mineralisation associated with Enargite and Malachite. This association with these two endmembers opened up new target areas on this tenement. ASTER data has subsequently been overlaid with historic SkyTEM, soil sampling, rock chip sampling, FLEM survey data and the results from the 2019 RC drilling program. The main exploration targets are gold, copper and other base metals within the north-south striking Coongan-Greenstone Belt. In September 2021, the Company completed an extensive mapping and soil sampling program over a four-week period with a qualified geologist and field staff to support a budgeted and planned drilling program during the 2022 field season.

In October 2021, Infinity completed a short but detailed programme of soil sampling over the Hillside tenements, to inform and support drill targeting for a more extensive exploration campaign during the 2022 field season.

Discussion on Operations (Cont'd)

Strelley Gorge & Tambourah tenements

Macarthur holds the Strelley Gorge and Tambourah tenements in the Pilbara region of Western Australia. The Strelley Gorge tenement (E45/4735) is prospective for DSO iron ore and is located immediately adjacent to the Abydos iron ore project that has been mined by Atlas Iron. The Tambourah tenement (E45/5324) is also prospective for iron ore having intersected iron ore in historical drilling by Atlas Iron. The drilling focussed an outcropping BIF prospect in the north of the tenement. Macarthur considers both tenements prospective for iron ore and pursuant to the Tenement Sale and Non Iron Ore Rights Agreement dated August 11, 2021 executed between the Company's iron ore focused subsidiary Macarthur Iron Ore Pty Ltd (MIO) and MLi (renamed to Infinity), MIO purchased E45/4735 and E45/5324 (Macarthur Iron Ore Tenements), and Infinity retained all rights to explore for, extract and sell all minerals, including gold, lithium and nickel, excluding iron ore, recovered from the Macarthur Iron Ore Tenements (which includes any conversions to a mining lease) (Non-Iron Ore Rights), subject to the terms and conditions of the agreement.

<u>Panorama Gold Project</u>

The Panorama Gold Project encompasses Exploration Licenses E45/4732, E45/4764 and E45/4779 held by Infinity, covering a total of 252km^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.

In May and July 2018, the Company conducted stream sediment sampling programs across the tenements. 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 Panorama Gold Project formed part of the earn-in agreement with FEL, which was terminated on September 15,2020, following FEL's election not to earn-in on a 25% Stage 1 Interest.

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 favorable 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.

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 has 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. Preliminary Reverse Circulation "RC" drilling of two holes for 395 meters 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"). 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.

Discussion on Operations (Cont'd)

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 9 Exploration Licenses in the Pilbara covering a total area of approximately 697km^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, subject to the Tenements Sale and Non -Iron Ore Rights dated August 11,2021, 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 (replaced by the "New Option Agreement" signed on August 28, 2019) with ASX listed exploration Company Fe Ltd (ASX: FEL) to acquire up to 75% of the 18 tenements in the Pilbara.

On September 15, 2020, the FEL JV agreement was terminated following a decision by FEL not to earn-in on a 25% Stage 1 Interest ("Stage 1 Interest") in Macarthur's gold and lithium tenements. Macarthur (through MLi) now retains 100% of the gold and lithium projects in the Pilbara. Macarthur intends to spin-out its Pilbara tenements to realise improved value for shareholders into Infinity Mining Limited to list on the Australian Securities Exchange later this year, subject to exchange approvals.

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.

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 looking for a partner to advance exploration of this project.

Discussion on Operations (Cont'd)

MINERAL TENURE

As at November 29, 2021 the Company holds or has interests in the following properties:

Tenement Number	Area(1)		Application/Grant Date	Expiry Date	Holder	Project
Yilgarn Projects						
M30/0206	189	HA	14-Nov-18	01-Jul-28	MIO	Lake Giles Project
M30/0207	171	HA	02-Jul-07	01-Jul-28	MIO	Lake Giles Project
M30/0213	258	HA	02-Jul-07	12-Jun-32	MIO	Lake Giles Project
M30/0214	260	HA	13-Jun-11	12-Jun-32	MIO	Lake Giles Project
M30/0215	521	HA	13-Jun-11	12-Jun-32	MIO	Lake Giles Project
M30/0216	55	HA	13-Jun-11	12-Jun-32	MIO	Lake Giles Project
M30/0217	114	HA	13-Jun-11	12-Jun-32	MIO	Lake Giles Project
M30/0227	504	HA	13-Jun-11	12-Jun-32	MIO	Lake Giles Project
M30/0228	362	HA	13-Jun-11	01-Jul-28	MIO	Lake Giles Project
M30/0229	205	HA	02-Jul-07	01-Jul-28	MIO	Lake Giles Project
M30/0248	585	HA	02-Jul-07	21-Feb-33	MIO	Lake Giles Project
M30/0249	1206	HA	22-Feb-12	21-Feb-33	MIO	Lake Giles Project
M30/0250	102	HA	22-Feb-12	04-Mar-34	MIO	Lake Giles Project
M30/0251	1246	HA	05-Mar-13	26-Nov-33	MIO	Lake Giles Project
M30/0252	478	HA	27-Nov-12	26-May-34	MIO	Lake Giles Project
L15/0409	97	HA	25-Jun-20	Under Application	MIO	Lake Giles Project
L16/0133	923	HA	25-Jun-20	Under Application	MIO	Lake Giles Project
L30/0071	1396	HA	27-May-13	Under Application	MIO	Lake Giles Project
L30/0089	23663	HA	26-Mar-21	Under Application	MIO	Lake Giles Project
L30/0090	43	HA	26-Mar-21	Under Application	MIO	Lake Giles Project
L30/0091	93	HA	26-Mar-21	Under Application	MIO	Lake Giles Project
L30/0092	31650	HA	26-Mar-21	Under Application	MIO	Lake Giles Project
L30/0093	74	HA	22-Jun-21	Under Application	MIO	Lake Giles Project
E30/522	28	SB	13-May-21	12-May-26	MIO	Lake Giles Project
E77/2542	12	SB	04-Feb-20	03-Feb-25	EIOEC	Mount Jackson Project
E77/2521	23	SB	24-Apr-18	Under Application	EIOEC	Mount Manning Project
Pilbara Projects						
E45/4848	1	SB	14-Dec-17	13-Dec-22	MLi (2)	Pilbara Project
E46/1210	14	SB	02-Jul-18	01-Jul-23	MLi (2)	Pilbara Project
E45/5324(3)	4	SB	05-Apr-19	04-Apr-24	MLi (2)	Pilbara Project
E45/4685	11	SB	12-Jan-17	11-Jan-22	MLi (2)	Pilbara Project
E45/4708	27	SB	21-Nov-17	20-Nov-22	MLi(2)	Pilbara Project
E45/4709	22	SB	21-Nov-17	20-Nov-22	MLi (2)	Pilbara Project
E45/4764	4	SB	10-Aug-17	09-Aug-22	MLi (2)	Pilbara Project
E45/4735(3)	5	SB	21-Nov-17	20-Nov-22	MLi (2)	Pilbara Project
E45/4779	33	SB	16-Jan-18	15-Jan-23	MLi (2)	Pilbara Project
E45/4824	65	SB	05-Dec-17	04-Dec-22	MLi(2)	Pilbara Project
E45/4732	43	SB	21-Nov-17	20-Nov-22	MLi(2)	Pilbara Project
Nevada Projects						
RVL 1 to 210	1700	HA		1-Sept-20	MLN	Nevada Lithium Project

(1) 1 sub-block (SB) = approx. 3.2km^2 in the Pilbara and 2.8km^2 in the Yilgarn.
(2) MLi was renamed to Infinity Mining Limited as of August 20, 2021.
(3) Beneficially owned by Macarthur Iron Ore Pty Ltd (MIO), subject to MLi (Infinity) Non-Iron Ore Rights, pursuant to the Tenements Sale and Non-Iron Ore Rights Agreement dated August 11, 2021.

Corporate Update

Legal Proceedings

LPD v. Macarthur and Ors. ("New 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 this matter remains ongoing.

Feasibility Study Progression

The Feasibility Study for the Lake Giles Iron Project continues to advance and is nearing completion. The Company anticipates reaching 90% design review gateway for the metallurgical process and non-process infrastructure components of the study in November 2021, as it continues to work through the final phase of mine planning work. This will enable the Company to complete an aggregation of the data that is required for the development of a detailed financial model for the Project which will be used to report project economics to the market in the technical reports that will accompany the Study. The Company announced on October 26, 2021 that a geotechnical drill programme of works had been completed at Lake Giles. The drill core from the programme is required to determine the basis for mine pit slopes and finalisation of mine planning work. The core has been delivered to Bureau Veritas for completion of lab analysis which will clear the way for completion of the necessary rock mass and structural model work by PSM Consulting Pty Ltd. The samples will then be submitted for the completion of the second phase of mine planning work which is being undertaken by Orelogy Consulting Pty Ltd.

As part of the Feasibility Study, the Company engaged a specialist consulting firm to undertake an analysis of the most optimised energy configuration to support the Lake Giles Iron Project. The results of an analysis conducted by VECKTA (which is a joint venture between Worley and XENDEE) indicates that the lowest levelized cost of energy (LCOE) for the Lake Giles Iron Project can be achieved through renewable energy penetration of around 90% for the project's stationary energy demand, using a combination of solar and wind resources. Remaining load would be served by natural gas generators. The analysis has indicated that the comparative reduction in LCOE when compared with using diesel or natural gas as the primary fuel source material. The Company will examine the best configuration and will strike an appropriate balance between the lowest LCOE and carbon footprint with anticipated capital costs. The percentage of renewables penetration will be determined by this analysis, but the Company expects the microgrid power solution to be delivered off-balance sheet under a wrap-up or build own operate (BOO) structure, with the Company entering into a long-term power purchase agreement over the life of the mine. Achieving a meaningful reduction in the carbon footprint of the mine fits with the Company's objective to have a clear ESG strategy from day one. This is not only good for the environment, but it is anticipated to deliver a lower over-all operating cost when compared with installing a power solution which is 100% dependent upon fossil fuels.

Memorandum of Understanding with Southern Ports Authority

On January 29, 2021, the Company signed a Memorandum of Understanding ("MOU") with Southern Ports Authority ("SPA") which provides a pathway for agreeing a potential access and operating solution for the export of Macarthur's high grade magnetite iron ore product via the Port of Esperance ("Port"). The MOU is non-binding but it does establish a clear pathway for i) the design of a 300,000 tonne storage shed ("shed") by Macarthur, ii) the design of a new rail car unloading solution at the Port by Macarthur, iii) the approval of the shed and Helix Dumper designs by SPA and iv) the identification of suitable land by SPA for the construction of the shed and Helix Dumper within the Port.

SPA has released a draft Master Plan for the Port for public consultation. It sets out SPA's views on a potential development layout within the Port and includes a rail loop and rail unloading configuration that can meet the requirements for Macarthur's Lake Giles iron Project. Macarthur's current Feasibility Study will deliver a potential infrastructure design solution for a rail loop, rotary car dumper and iron ore storage shed at the Port that works within the limits described in the Master Plan. Negotiations on final infrastructure selection and layout are continuing as SPA finalises its master planning process at Esperance Port, and any binding commercial agreements in relation to the shed, rail unloading infrastructure and ship loader access are anticipated to be conditional upon agreed milestones being met by Macarthur (including financing for its Lake Giles Iron Project).

Corporate Update (Cont'd)

The Company made a number of material advancements during the September quarter in its strategy to deliver early-revenue hematite operations. A summary is set out below. The Company will continue to examine opportunities to capitalise on these important inroads, subject to a supportive iron ore price environment.

Mine Planning

On May 26, 2021 the Company announced that it is advancing mine planning work to support intended hematite mining operations at Lake Giles in Western Australia. The Company has commenced work to prepare a mine plan for a direct shipment ore (DSO) product under a mining campaign which will initially target the Snark and Drabble Downs deposits of the Lake Giles Ularring Hematite Project. For this purpose, in June 2021 Macarthur made an application for a Miscellaneous Licence covering an area of 74 hectares adjacent to Snark DSO project to host non-process infrastructure.

Agreement with LAVO Hydrogen Technology Holding Pty Ltd

On June 1, 2021 Macarthur announced that it has signed a Strategic Partnership and Collaboration Agreement ("Agreement") with LAVO Hydrogen Technology Holding Pty Ltd ("LAVO") to investigate the facilitation of a staged technology solution that is intended to deliver a clear carbon reduction strategy for Macarthur's flagship Lake Giles Iron Project ("Project") in the Yilgarn region of Western Australia, with a first phased roll-out to support Macarthur's intended early hematite direct shipment ore ("DSO") mining operations at Ularring.

LAVO uses an innovative, patented metal hydride to produce hydrogen energy batteries. The battery system acts as a solar sponge, integrating with solar arrays to capture and store renewable energy for use when needed. The unit creates Hydrogen from water, stores the Hydrogen into LAVO's patented metal hydride and generates electricity by converting hydrogen into power.

Co-operation Agreement with Jin Sung International

On June 15, 2021, Macarthur announced that it had entered into a Co-operation Agreement with diversified Singaporean based conglomerate Jin Sung International Pte Ltd, paving the way for a potential strategic investment into Macarthur's iron ore and non-iron ore assets. The non-binding Co-operation Agreement sets out the terms upon which the parties intend to progress discussions on the development of a transaction involving a strategic equity investment. A potential transaction between the parties may take the form of a strategic equity investment into Macarthur's iron ore assets or non-iron ore assets, or the provision of direct project financing.

Pacific National Agreement

On July 8, 2021, the Company announced that it had entered into a term sheet with rail haulage service provider Pacific National, for the transport by rail of up to 400,000 tonnes per annum of iron ore between Kalgoorlie and Esperance.

Mine Gate Sale Agreement – GWR Group Limited

On July 14, 2021, Macarthur announced that it has signed a binding term sheet with an Australian iron ore producer GWR Group Limited (ASX: GWR) (GWR) under a deal which will enable Macarthur to complete a mine gate purchase from GWR of up to 400,000 tonnes per annum of DSO product from GWR's Wiluna West Iron Ore Project, located in Western Australia for an initial period of 2 years, with the ability to extend for up to a further 2 years and a first right of refusal to purchase tonnages in excess of 400,000 per annum if Macarthur has access to matching rail and port capacity. The sale price for GWR's DSO will reflect an equitable split of the realised sale price on a FOB basis at the ship rail, having regard to Macarthur's costs to transport the product, which will be disclosed on an open book basis between the parties. The term sheet is subject to the parties entering into a definitive agreement following completion of the balance of the route to market arrangements by Macarthur on a basis that is commercially acceptable to both parties.

Corporate Update (Cont'd)

Aurizon Rail Haulage Agreement

On August 5, 2021, Macarthur announced that it has agreed terms with Aurizon, for the transport of direct shipment ore (DSO) at a rate of up to 500,000 tonnes per annum between West Kalgoorlie and Kwinana. The term of the agreement is for 12 months and is subject to conditions including Macarthur securing matching port capacity and Aurizon satisfying regulatory approvals.

The combined rail paths also provide an opportunity to export direct shipment ore (DSO) lump and fines products secured from GWR Group (ASX: GWR) under a recently announced mine-gate sale agreement.

Shipping Containers

On September 23, 2021 the Company announced that it has secured access to 190 half height shipping containers to support DSO rail haulage services to Kwinana Bulk Terminal (KBT). Macarthur has a confirmed reservation of access to sufficient half height shipping containers with Seaco Australia Pty Ltd (Seaco) to support rail capacity under a recently announced binding rail haulage agreement with Aurizon.

Macarthur intends that leased half-height shipping containers will be loaded with iron ore and transported on a flat- bed rail freight service from Aurizon's West Kalgoorlie rail siding to KBT at a rate of up to 500,000 tonnes per annum

Current Market Conditions

The recent iron ore price correction has had an impact on the planning for near-term DSO operations, but the Company continues to examine the development of an early revenue iron ore mining operation. The Ularring Hematite Project remains capable of being brought into production in the near future, subject to a supportive iron ore price environment.

Repositioning of Non-Iron Ore Pilbara Assets

On August 3, 2021, Macarthur announced that CPS Corporate Advisors (CPS) had been appointed as the lead Broker for the proposed spin out of the Company's Pilbara gold, copper and lithium tenements (Pilbara Assets). The Company's wholly owned subsidiary Macarthur Lithium Pty Ltd, which holds the Company's Pilbara Assets was converted to a public company and renamed Infinity Mining Limited (Infinity). Under the agreement with CPS, Infinity proposes to undertake an initial public offering (IPO) and make application for listing on the Australian Securities Exchange (ASX) in the coming months..

On September 14, 2021, the Company announced that it received in-principle advice on suitability from the ASX which will enable Infinity Mining Limited to advance plans for its listing on the ASX before the end of 2021. On October 14, 2021, the Company announced it had closed its pre-offer capital raise for Infinity for A$1.5 million prior to its intended IPO on ASX and that Infinity has completed a short but detailed programme of soil sampling over the Hillside tenements, to inform and support drill targeting for a more extensive exploration campaign during the 2022 field season.

On October 21, 2021, the Company announced that Infinity entered into a Sale and Purchase Agreement with Zanil Pty Ltd (Zanil) and Alec Charles Pointon (Pointon) to acquire 100% of the Central Goldfields tenements, situated in and around the Leonora region, approximately 220km north of Kalgoorlie in Western Australia. The vending of the Central Goldfields tenements into Infinity under the Sale and Purchase Agreement is a key component of the planned listing of Infinity on the ASX this year. An analytical table of the Central Goldfields tenements and the key terms of the Sale and Purchase Agreement may be found in the Company's news release dated October 21, 2021[4],

On November 5, 2021, the Offer to subscribe for shares in the IPO of Infinity Mining Limited (Infinity) opened and closed on November 19, 2021.

[4] News release dated October 21, 2021.

Corporate Update (Cont'd)

Tenements Sale and Non-Iron Ore Rights Agreement

On September 9, 2021 the Company announced that the Company's Pilbara iron ore tenements (Strelley Gorge E45/4735 and Tambourah E45/5324 held by Infinity previously named Macarthur Lithium Pty Ltd), will remain in the Macarthur Group. Infinity and Macarthur Iron Ore Pty Ltd ACN 081 705 651 (Macarthur Iron Ore), a wholly-owned subsidiary of the Company, entered into the Tenement Sale and Non-Iron Ore Rights Agreement dated August 11, 2021, under which Infinity sold, and Macarthur Iron Ore purchased, E45/4735 and E45/5324 (Macarthur Iron Ore Tenements), and Infinity retained all rights to explore for, extract and sell all minerals, including gold, lithium and nickel, excluding iron ore, recovered from the Macarthur Iron Ore Tenements (which includes any conversions to a mining lease) (Non-Iron Ore Rights) with respect to the Macarthur Iron Ore Tenements, subject to the terms and conditions of the agreement.

Exercise of Warrants

On September 16, 2021 the Company announced that 3,563,100 warrants exercisable for common shares of Macarthur Minerals at a price of C$0.40 per share which expire on September 24, 2021 that were issued as part of a non-brokered private placement completed by the Company in September 2018, were fully exercised.

Board update

On October 27, 2021, Daniel Lanskey resigned from the Board of Directors as an Independent Director.

Results of Operations and Financial Condition

(All amounts in Australian dollars)

The following financial information should be read in conjunction with the Condensed Interim Consolidated Financial Statements for the six-month period ending September 30, 2021 which are prepared in accordance with IFRS.

Exploration and Evaluation Expenses

Capitalized exploration and evaluation costs are as follows:

Australian $	Quarter Ended September 30, 2021	Quarter Ended September 30, 2020	6 months to September 30, 2021	6 months to September 30, 2020
Capitalized expenses	2,421,660	188,521	2,849,608	408,181

For the quarter ended September 30, 2021, the Company expended $ 2,421,660 on exploration and evaluation activities. For the corresponding quarter ended September 30, 2020, the Company expended $188,521 on exploration and evaluation activities. This represents an increase in expenditure of $2,233,139 The largest elements of exploration and evaluation costs during the quarter were research and reports representing 85%.

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.

Results of Operations and Financial Condition (Cont'd)

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 September 30, 2021	Quarter Ended September 30, 2020	6 months to September 30, 2021	6 months to September 30, 2020
Administration Expenses	**(870,930)**	(1,907,714)	**(3,740,393)**	(3,550,878)

For the quarter ended September 30, 2021, the Company expended $3,740,394 on administrative expenses compared with administrative expenses of $3,550,878 for the corresponding quarter ended September 30, 2020. The largest elements of administrative expenses for the quarter were share based compensation and personnel fees of $2,052,589 and $949,254, respectively.

Income

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

Australian $	Quarter Ended September 30, 2021	Quarter Ended September 30, 2020	6 months to September 30, 2021	6 months to September 30, 2020
Interest Income	**95**	56	**220**	150
Gain on foreign exchange	**55,948**	266,727	**74,825**	1,020,211
Other Income	**220**	59,047	**604,980**	90,205
Change in fair value of warrant liability	**3,602,047**	(10,866,716)	**9,324,779**	(10,866,716)
Other Comprehensive Income Items that will not be reclassified subsequently to profit or loss:				
Change in fair value of investment	**(54,666)**	373,333	**(282,666)**	373,333

For the quarter ended September 30, 2021, the Company earned interest income of $95 compared with $56 for the corresponding quarter ended September 30, 2020. The Company also recognized other income of $220. Change in fair value of warrant liability for six months was a gain of $3,602,047 The Company also recognized gain on foreign exchange of $55,948 during the quarter. Change in fair value of investment of $54,666 for the quarter represents decreased change in value of FE Ltd investment. 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.

Results of Operations and Financial Condition (Cont'd)

Net Profit/(Loss)

The total comprehensive profit for the period reflects significantly a favorable movement in the fair value of warrant liability net of ordinary administrative costs of the Company, including share-based compensation expense relating to employee and consultant share options.

Australian $	Quarter Ended September 30, 2021	Quarter Ended September 30, 2020	6 months to September 30, 2021	6 months to September 30, 2020
Total comprehensive income/(loss)	**2,732,714**	(12,075,267)	**5,981,744**	(12,933,695)

Change in Financial Position

Australian $	6 months to September 30, 2021	6 months to September 30, 2020
Cash and cash equivalents	**4,714,841**	2,006,771
Exploration and Evaluation assets	**70,363,153**	66,626,397
Property, Plant and Equipment	**46,615**	56,752
Total Assets	**76,250,975**	69,839,627
Accounts Payable and Accrued Liabilities	**2,394,030**	565,412
Total Liabilities	**3,652,223**	12,752,426
Net Assets	**72,598,753**	57,087,201
Net Working Capital[1]	**2,846,304**	1,583,625

[1] The Net Working Capital of $2,846,304 (2020: $1,583,625) excludes those amounts attributable to the warrant liability of $1,258,193 (2020: $11,766,281) on the basis that the Company does not have any obligation to redeem the warrants for cash. These financial instruments have been designated as a current liability in their entirety in order to comply with International Financial Reporting Standards due to the terms and conditions of the conversion features inherent within the derivative attached to the relevant host contract.

At September 30, 2021, the Company had net assets of $72,598,753 compared to $57,087,201 at September 30, 2020.

The Company's cash and cash equivalents balance of $4,714,841 as at September 30, 2021, was an increase of $2,708,070 from the September 30, 2020 balance mainly due to exercise or options and warrants. Refer below for the cash flow movement for the six months to September 30, 2021.

Plant and equipment was $46,615 at September 30, 2021 reflecting the depreciated book value of various site, motor vehicle and office equipment.

The Company's net working capital at September 30, 2021 was $2,846,304 compared with a net working capital of $1,583,625 at September 30, 2020. The increase in the net working capital for the 6 months to September 30, 2021 is mainly due to funds raised via exercise of warrants and options.

Year to Date Cash Flows

Australian $	6 months to September 30, 2021	6 months to September 30, 2020
Operating Activities	415,748	(2,072,479)
Investing Activities	(2,659,349)	(408,181)
Financing Activities	1,940,272	(30,734)
Total cash movement	(303,329)	(2,511,394)

Results of Operations and Financial Condition (Cont'd)

Cash inflow from operating activities during the period ended September 30, 2021 was $415,748 compared with cash outflow of $2,072,479 for the prior corresponding period.

Cash outflow from investing activities during the period ended September 30, 2021 was $2,659,349, compared with $408,181 in the prior corresponding period.

Cash inflow from financing activities during the period was $1,940,272 compared with cash outflow of $30,734 for the corresponding prior period.

Summary of Quarterly Information

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with September 30, 2021. This financial information is derived from the Condensed Interim Financial Statements, and the Annual Audited Financial Statements of the Company.

	Dec 31, 2019 $	**Mar 31, 2020 $**	**Jun 30, 2020 $**	**Sept 30, 2020 $**	**Dec 31, 2020 $**	**Mar 31, 2021 $**	**Jun 30, 2021 $**	**September 30, 2021**
Interest Income	197	187	94	56	66	252	125	95
Total Comprehensive profit/(loss)	(4,925,004)	172,809	(858,429)	(12,075,267)	2,009,443	(4,128,053)	3,249,030	2,732,714
Basic and diluted profit/(loss) per share	(0.0166)	0.017	(0.010)	(0.1093)	0.0144	(0.030)	2.48	0.0189

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

The Basic and diluted profit/(loss) per share for the September 30, 2021 quarter reflects an adjustment to other income of $3,602,047 due to the fair value of warrant liability as at September 30, 2021. The most significant factor affecting cash outflows is continuing administrative expenses.

Liquidity and Capital Resources

At September 30, 2021, the Company had a net working capital of $2,846,304.

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 September 30, 2021 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.

Related Party Transactions (Cont'd)

Directors

The following persons were Directors of the Company during the period ended September 30, 2021.

Executive Directors

Joe Phillips, Managing Director

Non-Executive Directors

Cameron McCall, Chairman

Alan Phillips, Non-Executive Director

Andrew Suckling, Non-Executive Director

Daniel Joseph Lanskey, Non-Executive Director (retired on October 27, 2021)

Management

Andrew Bruton, Chief Executive Officer

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 September 30, 2021.

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 September 30, 2021. 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 ASX 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.

Risks and Uncertainties (Cont'd)

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.

The marketability of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company.

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

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

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

RISKS RELATING TO THE BUSINESS OF THE COMPANY

Going Concern (Trends)

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

Other than as disclosed herein, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on the Company's sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

Going Concern (Funding)

There are 17,362,313 warrants due to expire in the next 2.5 months, and if they were to be exercised in accordance with the terms and conditions of the warrants, this will result in a cash inflow of up to CAD$10,115,998. The Company has a $20million equity finance facility with L1 Capital ("Facility"). The Facility is an "at call" facility which entitles the Company to issue shares to L1 over 36 months under "Placement Notice(s)" which may be drawn upon and applied at the Group's discretion to meet its operating needs and minimum financial requirements regarding its tenement obligations.

The Group will continue to monitor avenues to expand its key strategic assets whether this be in the form of additional equity raising or debt funding.

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.

Risks and Uncertainties (Cont'd)

In this sense the Company has been, and continues to be, particularly reliant on the following directors and officers:

- Cameron McCall – Chairman
- Joe Phillips – Managing Director
- Andrew Bruton – CEO
- Alan Phillips – Non-Executive Director
- Andrew Suckling – Non-Executive Director
- Daniel Lanskey – Non-Executive Director (retired on October 27, 2021)

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

Risk of the General Market and Economic Conditions

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

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

Competitive Conditions Risk

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

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

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

Risk that the Company has a Limited Operating History

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

The Company has experienced losses in previous years of its operations. There can be no assurance that the Company will operate profitably in the future, if at all. As at September 30, 2021 the Company's accumulated losses were $57,310,852.

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 Directors Conflict of Interests Policy, 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.

Risks and Uncertainties (Cont'd)

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

Insurance Risk

Macarthur Minerals' operations are subject to all of the risks and hazards typically associated with the exploration and evaluation of minerals. Macarthur Minerals maintains and 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.

There are 17,362,313 warrants due to expire in the next 2.5 months, and if they were to be exercised in accordance with the terms and conditions of the warrants, this will result in a cash inflow of up to CAD$10,115,998. The Company has a $20million equity finance facility with L1 Capital ("Facility"). The Facility is an "at call" facility which entitles the Company to issue shares to L1 over 36 months under "Placement Notice(s)" which may be drawn upon and applied at the Group's discretion to meet its operating needs and minimum financial requirements regarding its tenement obligations.

The Group will continue to monitor avenues to expand its key strategic assets whether this be in the form of additional equity raising or debt funding.

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.

Risks and Uncertainties (Cont'd)

Credit Risk

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

Risk Related to the Economics of Developing Mineral Properties

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

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

Currency Risk

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

Interest Rate Risk

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

Risk of Unforeseen Expenses

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

RISK FACTORS RELATING TO THE SECURITIES OF THE COMPANY

Risk of Share Price and Market Volatility

The market price of shares can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the Canadian, United States and Australian resources sector, Canadian, United States and Australian listed entities and exploration companies in particular. During the period ended September 30, 2021, the closing price per share of the Company fluctuated from a low of CAD$0.40 to a high of CAD$0.58.

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.

Risks and Uncertainties (Cont'd)

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, may be raised through the issuance of additional equity securities which will result in dilution to the Company's existing shareholders. Further, the Company, from time to time, is required to issue shares to earn its interests in properties. Such property share issuances will also result in dilution to the Company's existing shareholders.

As at September 30, 2021, there were 5,035,000 stock options, 8,882,500 RSUs, 21,463,588 warrants and 12,862,618 options 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, ASX and QTCQB or achieve listing on any other public listing exchange.

Dividends

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

RISK FACTORS RELATING TO THE COMPANY'S PROPERTY INTERESTS

Title Risk

Macarthur cannot guarantee that one or more of its tenements within the projects will not be challenged. Macarthur may not be able to ensure that it has obtained a secure claim to individual mineral properties or exploration rights and as a result the Company's ability to develop the projects may be constrained. Macarthur may not have conducted surveys of all of the claims in which it holds direct or indirect interests. A successful challenge could result in Macarthur being unable to operate on all or part of its tenements which could, in turn, affect the development of the projects.

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

Lack of funding to satisfy minimum expenditure obligations in respect of any tenements, contractual expenditure obligations (any option, joint venture or farm in agreements the Company may enter into), may result in forfeiture of its tenements or termination of t 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 requires land access in order to perform exploration and development activities, which can be affected by land ownership and require related compensation arrangements with landowners or occupiers.

Where possible the Company will work with tenement and landowners to obtain required rights of access but unless such rights are obtained, or if there is a dispute, the Company's operations may be adversely affected or delayed.

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

Risks and Uncertainties (Cont'd)

Environmental Factors and Protection Requirements

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

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. There are 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 mineral processing 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 has estimated Inferred and Indicated Mineral Resources for the Ularring Hematite Project and Measured, Indicated and Inferred Mineral Resources for the Moonshine Magnetite Project. The Mineral Resources are estimates only and are based on interpretations, knowledge, experience and industry practice which may change when new techniques or information becomes available. No assurances can be given that an Ore Reserve can be delineated which is based on economic conditions at the time. Applicants should be aware that inclusion of material in a Mineral Resource estimate does not require a conclusion that material may be economically extracted at the tonnages indicated, or at all. Mineralisation only qualifies to be categorised as an Ore Reserve once it has been demonstrated to be economically recoverable and appropriate modifying factors applied to the Mineral Resource estimates. Estimates that are valid when made may change significantly when new information becomes available. In addition, Iron Ore price fluctuations, as well as increased production costs or reduced throughput and/or recovery rates, may render reserves and resources uneconomic and so may materially affect the estimates.

Risks and Uncertainties (Cont'd)

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.

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

Risk of Restrictive Access to the Projects

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

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

Current COVID-19 travel (including mandatory vaccination requirements, where relevant) and regional access related restrictions could have the potential to impede access to the Projects from time to time.

Risk of Accuracy of Exploration Maps and Diagrams

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

Risks and Uncertainties (Cont'd)

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

Risk of Availability of Labour

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

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

RISK FACTORS RELATING TO GOVERNMENT

Risk of Increased Government Policy and Imposition of Tax

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

Risks and Uncertainties (Cont'd)

Litigation Risk

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

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

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

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

Jurisdiction Risk

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

Accounting Policies

Accounting policies, including new accounting standards and interpretations, followed by the Company are set out in Note 3 to the Condensed Interim Consolidated Financial Statements for the period ended September 30, 2021.

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) 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.

(ii) Deferred tax assets

The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets, as set out in Note 6 in the Audited Annual Financial Statements for the year ended March 31, 2021.

(iii) Going concern

As set out in Note 2(b) in the Audited Annual Financial Statements for the year ended March 31, 2021, 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 September 30, 2021.

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, 2021 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, ASX and OTCQB, the CEO and CFO are responsible for the design of ICFR, or for causing them to be designed under their supervision for evaluating the effectiveness of such internal controls to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of external financial statements in accordance with IFRS. Regardless of how well an internal control system is designed and operated, it can provide only reasonable, not absolute, assurance that it will prevent or detect all misstatements resulting from error or fraud due to the inherent limitations of any internal control system.

The CEO and CFO have overseen the evaluation of the design and effectiveness of the Company's ICFR based on the framework established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and concluded that the Company's ICFR was effective as of September 30, 2021.

There were no significant changes that occurred during the period ended September 30, 2021, that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

The Company has not in any way limited the design of the ICFR and there were no material weaknesses related to its design as at September 30, 2021.

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 reviews on a quarterly basis and audits bi-annually and annually the Company's financial statements and disclosures.

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

Outstanding Share Data as of November 29, 2021:

Authorized and issued share capital:

Class	Par Value	Authorized Common shares (No par value)	Issued
Common	No par value	Unlimited	144,577,735

As at November 29, 2021, there were 4,885,000 stock options, 8,432,500 RSUs, 21,463,588 warrants and 12,862,618 options 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.

Qualified Person's Statement

Mr Andrew Hawker, BSc. Geol, MAIG, is a member of the Australian Institute of Geoscientists is a consultant geologist to Macarthur and is a Qualified Person as defined in National Instrument 43-101. Mr Hawker has reviewed and approved the technical information in relation to the Ularring Hematite and Moonshine Magnetite Iron Ore Projects, Western Australian Gold Projects, Western Australian Lithium Projects, 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
Chairman	Independent Director