

# NOTICE OF ANNUAL GENERAL MEETING - 2009

MACARTHUR MINERALS LIMITED  
ACN 103 011 436

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Notice is hereby given that the Annual General Meeting of Macarthur Minerals Limited ACN 103 011 436 ("Company") will be held in Room 4, Level 5, 320 Adelaide Street, Brisbane, Queensland, Australia on Monday, 31 August 2009 commencing at 9:00am Brisbane, Australia time (4:00pm Vancouver, Canada time on Sunday, 30 August 2009).

## AGENDA

### ORDINARY BUSINESS

#### 1. FINANCIAL STATEMENTS & REPORTS

To receive and consider the Australian statutory report of the Directors and the financial reports of the Company and its controlled entities for the year ended 31 March 2009 together with the Auditor's report thereon.

#### 2. ELECTION OF DIRECTORS

To consider and, if thought fit, to pass the following ordinary resolutions:

- 2.1 *'That David Keith Barwick who retires by rotation in accordance with the Company's Constitution, and being eligible, be re-elected as a Director of the Company in accordance with rule 6.1(i) of the Company's Constitution and the requirements of the TSX-V.'*
- 2.2 *'That Robert James Canning-Ure, being eligible, be re-elected as a Director of the Company in accordance with the requirements of the TSX-V.'*
- 2.3 *'That Simon Hickey, being eligible, be re-elected as a Director of the Company in accordance with the requirements of the TSX-V.'*
- 2.4 *'That Alan Spence Phillips, being eligible, be re-elected as a Director of the Company in accordance with the requirements of the TSX-V.'*

#### 3. APPOINTMENT OF AUDITORS

To consider and, if thought fit, pass the following ordinary resolution:

*'That shareholders approve the appointment of Davidson & Company, LLP Chartered Accountants, as Canadian auditors of the Company for the 2009-10 financial year.'*

### SPECIAL BUSINESS

#### 4. RATIFICATION OF OPTION PLAN

To consider and, if thought fit, pass the following ordinary resolution:

*'That shareholders ratify, confirm and approve the Company's stock option plan pursuant to which the Directors may, from time to time, authorize the issuance of options to Directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding common (ordinary) shares at the time of the grant, with a maximum of*

*5% of the Company's issued and outstanding shares being reserved to any one person on a yearly basis.'*

5. REPRICING OF OPTIONS

To consider and, if thought fit, pass the following ordinary resolution:

*'That a total of 740,000 stock options held by Directors be amended to decrease the exercise price to CAD\$1.00 per share in light of the current global financial conditions.'*

DATED: 15 July 2009

By Order of the Board



Bill Lyne  
Company Secretary

NOTES

- (a) A member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (b) The proxy need not be a member of the Company. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (c) If you wish to appoint a proxy and are entitled to do so, then complete and return the enclosed proxy form.
- (d) A corporation may elect to appoint a representative in accordance with the *Corporations Act 2001* in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.
- (e) If you have any queries on how to cast your votes then call Mr David Barwick on local (07) 3010 9342 or international telephone +61 7 3010 9342 during Australian business hours.

**EXPLANATORY MEMORANDUM**  
**MACARTHUR MINERALS LIMITED**  
ACN 103 011 436

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This explanatory memorandum (“Explanatory Memorandum”) is furnished in connection with the solicitation of proxies by the management of Macarthur Minerals Limited (“Macarthur” or “Company”) for use at the Annual General Meeting of the Company (“Meeting”) to be held on 31 August 2009 in Brisbane, Australia (30 August 2009 Vancouver, Canada time) and at any adjournments thereof. Any solicitation will be conducted by mail and may be supplemented by telephone or other personal contact to be made without special compensation by officers and employees of the Company. The cost of solicitation will be borne by the Company.

**APPOINTMENT OF PROXYHOLDER**

The Company prefers the appointment of one of its officers or Directors as a proxy holder (“Management Proxyholder”). A duly completed form of proxy will constitute the person(s) named in the enclosed form of proxy as the shareholder's proxyholder. Any persons whose names are printed in the enclosed form of proxy for the Meeting are Management Proxyholders.

A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.

**VOTING BY PROXY**

Ordinary (common) shares of the Company represented by properly executed proxies in the accompanying form will be voted or withheld from voting on each respective matter in accordance with the instructions of the shareholder on any ballot that may be called for.

If no choice is specified and one of the Management Proxyholders is appointed by a shareholder as proxyholder, such person will vote in favour of the matters proposed at the Meeting and for all other matters proposed by management at the Meeting.

**NON-REGISTERED HOLDERS**

Only shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are ‘non-registered’ shareholders because the shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (“Nominee”). If you purchased your shares through a broker, you are likely to be an unregistered holder.

In accordance with Canadian securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Explanatory Memorandum and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

In addition, Canadian securities legislation now permits the Company to forward meeting materials directly to 'non objecting beneficial owners'. If the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

### **REVOCABILITY OF PROXY**

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing, including a proxy bearing a later date, executed by the registered shareholder or by his attorney authorized in writing or, if the registered shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. Only registered shareholders have the right to revoke a proxy. Non-registered holders who wish to change their vote must, at least seven (7) days before the Meeting, arrange for their respective intermediaries to revoke the proxy on their behalf.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Company is authorized to issue an unlimited number of ordinary (common) shares without par value of which 19,038,650 shares were issued and outstanding on 15 July 2009. The holders of ordinary (common) shares are entitled to one vote for each common share held. Holders of common shares on the record at the close of business on 29 August 2009 will be entitled to vote at the Meeting.

To the knowledge of the Directors and executive officers of the Company, no person beneficially owns, directly or indirectly, or exercises control or direction over shares carrying more than 10% of the voting rights attached to all shares of the Company except the following:

<i><u>Name</u></i>	<i><u>No. of Common Shares Owned or Controlled</u></i>	<i><u>Percentage of Outstanding Common Shares</u></i>
Talbot Group Holdings Pty Ltd	4,745,854	24.93%
Pinetree Capital Ltd	4,192,700	22.02%

### **PARTICULARS OF MATTERS TO BE ACTED UPON**

There are five (5) items of business on the agenda for the 2009 Annual General Meeting of the Company.

Note that any reference to 'TSX-V' in the Notice of Meeting or this Explanatory Memorandum means TSX Venture Exchange, Toronto, Canada.

#### **1. FINANCIAL STATEMENTS & REPORTS**

The Australian *Corporations Act 2001* requires that the report of the Directors, the Auditor's report and the financial report of the Company and its controlled entities for the year ended 31 March 2009

be laid before the Annual General Meeting. Neither the *Corporations Act 2001* nor the Company's Constitution requires a vote of shareholders at the Annual General Meeting on such reports or statements. However, shareholders will be given ample opportunity to raise questions with respect to these reports and statements at the Meeting.

Following consideration of reports the Chairman will give shareholders a reasonable opportunity to ask questions about or comment on the management and audit of the Company.

## 2. ELECTION/RE-ELECTION OF DIRECTORS

Under the Company's Constitution any Director appointed since last Annual General Meeting and one third (rounded down if necessary) of the Company's other Directors (other than a Managing Director) are to retire at each Annual General Meeting and, being eligible, may seek re-election as a Director.

Also, under TSX-V requirements all Directors must stand for re-election at every Annual General Meeting.

Resolution 2 deals with the re-election of Directors under both scenarios. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed. The Company is required to have an audit committee. Members of this committee are as set out below.

Management of the Company proposes to nominate each of the following persons for election as a Director. Information concerning such persons, as furnished by the individual nominees, is as follows:

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Shares beneficially owned or, directly or indirectly, Controlled<sup>(2)</sup></i>
<b>DAVID BARWICK</b> Brisbane, Queensland, Australia <i>Chairman, President &amp; Chief Executive Officer</i>	President of the Company since 17 July 2006. Public Company Director (39 Years). Director of Chivas Group Pty Ltd. Currently Chairman of ASX-listed Metallica Minerals Limited, Manacomm Corporation Limited, Queensland Gold & Minerals Limited and Queensland Ores Limited. Also Chairman of public unlisted MetroCoal Limited.	Since 19 October 2005	410,000 (indirectly)
<b>JAMES CANNING-URE</b> <sup>(1)</sup> Brisbane, Queensland, Australia <i>Director</i>	The Company's Chief Financial Officer; President of the Company 25 January 2005 to 17 July 2006. Formerly Managing Director, and previously Finance Director for over 5 years, of NewEcon Limited. Corporate advisor for over 20 years specialising in capital raising for companies.	Since 25 January 2005	215,000 (directly)
<b>SIMON HICKEY</b> <sup>(1)</sup> Albuquerque, New Mexico, USA <i>Director</i>	CEO of marketing company Performance Marketing Solutions Inc. since May 2003. From 2000, CEO of private investment company Clavell Holdings Pty Ltd.	Since 15 February 2005	403,700 (indirectly)
<b>ALAN PHILLIPS</b> <sup>(1)</sup> Brisbane, Queensland, Australia <i>Director</i>	Director and/or chairman of ASX-listed public companies covering a period of 30 years, specialising in start-up and turn-around across a broad range of industries, but predominantly in the mining exploration and technology industries. Mr Phillips' current directorships include TSX-V listed Cadan Resources Corporation, International Gold Mining Limited and Salmon River Limited, and ASX-listed Liberty Resources Limited.	Since 19 October 2005	80,600 (indirectly)

## Notes:

- (1) Members of the Audit Committee.
- (2) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at 15 July 2009, based upon information furnished to the Company by individual Directors. Unless otherwise indicated, such shares are held directly.

- 2.1 Mr Barwick was appointed as a Director on 19 October 2005 and his appointment expires by rotation at this AGM. So, under Rule 6.1(i) of the Company's Constitution Mr Barwick seeks re-election as a Director as well as to fulfil the requirements of TSX-V.
- 2.2 Mr Canning-Ure seeks re-election as a Director to fulfil the requirements of TSX-V.
- 2.3 Mr Hickey seeks re-election as a Director to fulfil the requirements of TSX-V.
- 2.4 Mr Phillips seeks re-election as a Director to fulfil the requirements of TSX-V.

No proposed Director is to be elected under any arrangement or understanding between the proposed Director and any other person or company, except the Directors and executive officers of the Company acting solely in such capacity.

To the knowledge of the Company, no proposed Director:

- (a) is, as at the date of the Explanatory Memorandum, or has been, within 10 years before the date of the Explanatory Memorandum, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that,
  - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days while the proposed director was acting in the capacity as director, CEO or CFO of such company; or
  - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO of such company; or
- (b) is, as at the date of this Explanatory Memorandum, or has been within 10 years before the date of the Explanatory Memorandum, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Explanatory Memorandum, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

### 3. APPOINTMENT OF AUDITORS

Davidson & Company LLP, of Vancouver, British Columbia, Canada are the auditors of the Company in Canada as required under TSX-V and must be re-appointed every year at the Annual General Meeting. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of Davidson & Company LLP, Chartered Accountants as the auditors of the Company to hold office for the ensuing year at a remuneration to be fixed by the Directors.

Under Australian law the Company's corporate auditors, WHK Horwath of Melbourne, Victoria, Australia, do not require re-appointment every year.

### 4. RATIFICATION OF STOCK OPTION PLAN

The Board of Directors of the Company adopted a new stock option plan (the "Stock Option Plan") effective 25 October 2005, subject to acceptance by TSX-V and the shareholders of the Company. This occurred in December 2005.

TSX-V regulations require that the Stock Option Plan, which is a 'rolling' plan, be ratified annually by shareholders if the Company wishes to continue granting options under the plan.

The purpose of the Stock Option Plan is to allow the Company to grant options to Directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of the Company. The granting of such options is intended to align the interests of such persons with that of the shareholders. Options will be exercisable over periods of up to 5 years as determined by the Board of Directors of the Company and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the TSX-V. Pursuant to the Stock Option Plan, the Board of Directors may from time to time authorize the issue of options to Directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The maximum number of ordinary (common) shares which may be issued pursuant to options previously granted and those granted under the Stock Option Plan will be a maximum of 10% of the issued and outstanding ordinary shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. The Stock Option Plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion.

Should the Board decide at any future date to grant further options to Directors in terms of the Stock Option Plan those Directors may receive, or have the opportunity to receive, a 'related party benefit' as defined in the Australian *Corporations Act 2001* (and in that case any such options must be granted within 15 months of the date of the shareholder approval). However, any options so granted to Directors may not in fact be a benefit and could be considered, in all the circumstances, reasonable remuneration thereby not falling within the relevant provisions of the *Corporations Act 2001*. Moreover, the Board is of the opinion that if shareholders have approved the plan knowing that Directors may participate and be given the opportunity to acquire shares at a discount to the then current market price, then any financial benefit derived has itself been sanctioned by shareholders.

The Stock Option Plan provides that if a change of control, as defined therein, occurs, all shares subject to option shall immediately become vested and may thereupon be exercised in whole or in part by the option holder.

The full text of the Stock Option Plan will be available for review at the Meeting.

Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote for the approval and ratification of the Plan.

**Voting Exclusion Statement:**

In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 4 by any person who might participate in the Stock Option Plan and any associate of those persons. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. REPRICING OF OPTIONS

In light of current global financial conditions the Directors have proposed amending the exercise price of various stock options outstanding and held by certain Directors, subject to regulatory acceptance and the approval of the disinterested shareholders of the Company; therefore none of the repriced options may be exercised prior to such approval being obtained. A total of 740,000 options are proposed for amendment, being 440,000 options with an exercise price of CAD\$1.60 per share expiring 22 December 2011 and 300,000 options with an exercise price of CAD\$1.20 per share expiring 26 November 2012, such that all 740,000 options have a decreased exercise price of CAD\$1.00 per share. All other option terms and conditions remain unchanged.

The options are governed by the Company's Stock Option Plan and are an important component of the Company's executive compensation strategy of providing the Directors with long-term equity based performance incentives. The repriced options will bring them more in line with current market prices of the Company's common shares so as to ensure the interests of the management and board of Directors are aligned with shareholders' interests and to link performance compensation to enhancement of shareholder value.

Options affected by this change are held as follows:

David Barwick	210,000
James Canning-Ure	210,000
Simon Hickey	210,000
Alan Phillips	110,000

**Voting Exclusion Statement:**

In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 5 by any Director or participating consultant and any associate of a Director or participating consultant. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## EXECUTIVE COMPENSATION

The following table (presented in accordance with National Instrument Form 51-102F6 ("Statement of Executive Compensation" ("Form 51-102F6"))) sets forth all annual and long term compensation for services in all capacities to the Company for the three most recently completed financial years (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of the Chief Executive Officer and the

Chief Financial Officer as at 31 March, 2009 and the other three most highly compensated executive officers of the Company as at 31 March, 2009 whose individual total salary and bonus for the most recently completed financial year exceeded CAD\$150,000 and any individual who would have satisfied these criteria but for the fact that individual was not serving as such an officer at the end of the most recently completed financial year (collectively the "Named Executive Officers" or "NEOs").

***Summary Compensation Table***

<b><u>Annual Compensation</u></b>					<b><u>Long Term Compensation</u></b>			
<b><i>Name and Principal Position</i></b>	<b><u>Year</u></b>	<b><i>Annual Salary (\$)</i></b>	<b><i>Bonus (\$)</i></b>	<b><i>Other Annual Compensation (\$)</i></b>	<b><u>Awards</u></b>		<b><u>Payouts</u></b>	<b><i>All Other Compensation (\$)</i></b>
					<b><i>Value of Securities Under Option Granted (\$)</i></b>	<b><i>Restricted Shares or Restricted Shares Units (\$)</i></b>	<b><i>LTIP Payouts (\$)</i></b>	
David K Barwick Current President and CEO	2009	Nil	Nil	\$126,050	Nil	Nil	Nil	Nil
	2008	Nil	Nil	\$58,219	\$134,003	Nil	Nil	Nil
	2007	Nil	Nil	\$48,314	\$66,424	Nil	Nil	Nil
James Canning-Ure Current CFO and Former President	2009	Nil	Nil	\$123,211	Nil	Nil	Nil	Nil
	2008	Nil	Nil	\$32,477	\$134,003	Nil	Nil	Nil
	2007	Nil	Nil	\$23,625	\$66,424	Nil	Nil	Nil

***Long Term Incentive Plan (LTIP) Awards***

The Company does not have a LTIP, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Company's securities), was paid or distributed to the Named Executive Officers during the most recently completed financial year.

***Option Grants During the Most Recently Completed Financial Year***

The Company did not grant any stock options under a Stock Option Plan during the most recently completed financial year to the Named Executive Officers.

***Aggregated Option Exercises During the Most Recently Completed Financial Year and Financial Year-End Option Values***

The Named Executive Officers did not exercise any options in respect of the Company's shares during the most recently completed financial year, and held options at year end valued as follows:

<i>NEO Name (a)</i>	<i>Securities, Acquired on Exercise (#) (b)</i>	<i>Aggregate Value Realized (\$) (c)</i>	<i>Unexercised Options/ SARs at FY-End (#) Exercisable/ Unexercisable (d)</i>	<i>Value of Unexercised in-the-money Options/ SARs at FY-End (\$) Exercisable/ Unexercisable (e)</i>
David K Barwick CEO	0	\$0	210,000	\$0
James Canning-Ure CFO	0	\$0	210,000	\$0

***Directors' Option Repricings During the Most Recently Completed Financial Year***

There was no re-pricing of any stock options under the Company's stock option plan or otherwise during the most recently completed financial year.

***Termination of Employment, Changes in Responsibility and Employment Contracts***

There were no terminations of employment or changes in responsibility during the year.

***Compensation of Directors***

The Company entered into arrangements where Directors are compensated by the Company or its subsidiaries for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as consultants or experts during the most recently completed financial year. Details of arrangements are fully disclosed in this section.

The Company has a formalized stock option plan for the granting of incentive stock options to officers, employees, and Directors. The Company did grant stock options to the Directors during the most recently completed financial year.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year are as follows:

<b>Plan Category</b>	Number of securities to be issued upon exercise of outstanding options, warrants and rights  <b>(a)</b>	Weighted-average exercise price of outstanding options, warrants and rights  <b>(b)</b>	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))  <b>(c)</b>
<b>Equity compensation plans approved by securityholders</b>	1,375,000	CAD\$1.43	528,865
<b>Equity compensation plans not approved by securityholders</b>	-	-	-
<b>Total</b>	1,375,000	CAD\$1.43	528,865

## INDEBTEDNESS TO COMPANY OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

There is no indebtedness of any Director, executive or senior officer, proposed nominee for election as a Director or associate of them, to or guaranteed or supported by the Company or any of its subsidiaries either pursuant to an employee stock purchase program of the Company or otherwise, during the most recently completed financial year.

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as set out herein, no person who has been a Director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a Director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of Directors or the appointment of auditors.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed above in this Explanatory Memorandum, no informed person or proposed Director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company.

## MANAGEMENT CONTRACTS

No management functions of the Company are performed to any substantial degree by a person other than the Directors or executive officers of the Company.

## AUDIT COMMITTEE

### Audit Committee's Charter

#### *Mandate*

The primary function of the audit committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

#### *Composition*

The Committee shall be comprised of three Directors as determined by the Board of Directors, the majority of whom should be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

#### *Meetings*

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

#### 1. Documents/Reports Review

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

#### 2. External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
  - ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and

- iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

#### *Financial Reporting Processes*

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (k) Review any related-party transactions.

## Composition of the Audit Committee

The following are the members of the Committee:

	Independent <sup>①</sup>	Financially Literate <sup>①</sup>	Relevant Education &/or Experience
Simon Hickey <i>Committee Chairman</i>	Yes	Yes	Private business owner in North America with 15 years experience in public companies
James Canning-Ure	No	Yes	Bachelor of Commerce 20 years experience as company director
Alan Phillips	Yes	Yes	Director of listed public companies for some 30 years, specialising in start-ups and turn-arounds

<sup>①</sup> As defined by National Instrument 52-110 ("NI 52-110").

### Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### Pre-Approval Policies and Procedures

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

### External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

<i>Financial Year Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
March 31, 2009	\$68,111	\$N/A	\$N/A	\$41,664
March 31, 2008	\$50,000	\$N/A	\$N/A	\$10,000

### Exemption in Section 6.1 of NI 52-110

The Company is relying on the exemption in Section 6.1 of NI 52-110 from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations): Venture issuers are exempt from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110.

### CORPORATE GOVERNANCE

A summary of the responsibilities and activities and the membership of each of the Committees is set out below.

National Instrument 58-201 (“NI 58-201”) establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

#### *Independence of Members of Board*

The Company's Board consists of 4 directors, 2 of whom are independent based upon the tests for independence set forth in Multilateral Instrument 52-110. Mr Barwick is not independent as he is the President and CEO of the Company, Mr Canning-Ure is not independent as he is the CFO of the Company.

#### *Management Supervision by Board*

The CEO and CFO report upon the operations of the Company separately to the independent directors of the Board at such times throughout the year as is considered necessary or advisable by the independent directors. Independent supervision of management is accomplished through choosing management who demonstrate a high level of integrity and ability and having independent Board members. The independent directors are encouraged to meet at any time they consider necessary without any members of management including the non-independent directors being present. The Company's auditors, legal counsel and employees may be invited to attend. The independent directors exercise their responsibilities for independent oversight of management through their active involvement in the Board’s deliberations and decisions.

#### *Participation of Directors in Other Reporting Issuers*

The participation of the directors in other reporting issuers is described in the following table:

David Barwick	Chairman – Metallica Minerals Limited (ASX) Chairman – Manacom Corporation Limited (ASX) Chairman – Queensland Gold & Minerals Limited (ASX) Chairman – Queensland Ores Limited (ASX)
James Canning-Ure	None
Alan Phillips	Director – Cadan Resources Corporation (TSX-V) Director – International Gold Mining Limited (TSX-V) Director – Salmon River Limited (TSX-V) Director – Liberty resources Limited (ASX)
Simon Hickey	None

### *Orientation and Continuing Education*

While the Company does not have formal orientation and training programs, new Board members are provided with:

1. information respecting the functioning of the Board of Directors, committees and copies of the Company's corporate governance policies;
2. access to recent, publicly filed documents of the Company, technical reports and the Company's internal financial information;
3. access to management, technical experts and consultants; and
4. a summary of significant corporate and securities responsibilities.

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

### *Ethical Business Conduct*

The Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders. The Board has instructed its management and employees to adopt and abide by values consistent with ethical business conduct.

### *Nomination of Directors*

The Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the mining industry are consulted for possible candidates.

### *Compensation of Directors, the CEO and CFO*

The independent Directors are Messrs Phillips and Hickey. These Directors have the responsibility for determining compensation for the Directors and senior management. The Board notes that TSX-V, per s.16.6 of Policy 3.1, requires approval by independent directors of all compensation of directors and senior officers.

To determine compensation payable, the independent Directors review compensation paid for Directors, CEOs and CFOs of companies of similar size and stage of development in the mineral exploration/mining industry and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the Directors and senior management while taking into account the financial and other resources of the Company. In setting the compensation the independent Directors annually review the performances of the CEO and CFO in light of the Company's objectives and consider other factors that may have impacted the success of the Company in achieving its objectives.

### *Board Committees*

The Company only has an Audit Committee at this time. As the Directors are actively involved in the operations of the Company and the size of the Company's operations does not warrant a larger board of directors, the Board has determined that additional committees are not necessary at this stage of the Company's development.

### *Assessments*

The Board does not consider that formal assessments would be useful at this stage of the Company's development. The Board conducts informal annual assessments of the Board's effectiveness, the individual

Directors and each of its committees. To assist in its review, the Board conducts informal surveys of its Directors on their assessment of the functioning of the Board and reports from each committee respecting its own effectiveness. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at 916 – 925 West Georgia Street, Vancouver, British Columbia V6C 3L2, Canada or Suite 19, Level 5, 320 Adelaide Street, Brisbane, Queensland 4000, Australia to request copies of the Company's financial statements and MD&A.

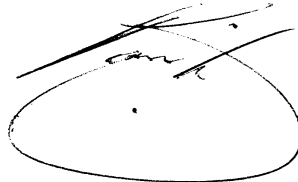
Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year which are filed on SEDAR.

### **OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

DATED this 15<sup>th</sup> day of July, 2009

### **BY ORDER OF THE BOARD OF DIRECTORS OF MACARTHUR MINERALS LIMITED**



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**DAVID BARWICK**  
Chairman, President, Chief Executive Officer  
and Director