

## **Appendix 4D For the Half Year Ended 30 September 2021**

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- **Appendix 4D Accounts**
- **Independent Auditor's Review Report**

This report is based on results that have been reviewed by the Company's auditors.

The documents contained within this report comprise the information required by listing rule 4.2A and should be read in conjunction with the Company's 2021 Annual Report.

Macarthur Minerals Limited  
ACN 103 011 436

**All amounts are in Australian dollars unless otherwise stated**

## Interim Report

### For the half-year ended 30 September 2021

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This condensed interim financial report covers the consolidated financial statements for the entity consisting of Macarthur Minerals Limited and its subsidiaries. The financial report is presented in the Australian currency.

The Company's registered office and principal place of business is detailed on page 4.

The financial report was authorised for issue by the directors on 14 December 2021. The directors have the power to amend and reissue the financial report.

## Directors' Report

Your Directors submit their report for the half-year ended 30 September 2021 for the Group incorporating Macarthur Minerals Limited ("Company" or "Macarthur Minerals") and the entities that it controlled during the half-year ("Group").

### CURRENCY

Amounts in this report and the accompanying financial report are presented in Australian dollars unless otherwise stated. Amounts in this report have been rounded off to the nearest dollar in accordance with the Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission.

### DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

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

*Non-Executive Directors*

Cameron McCall, Chairman

Alan Phillips, Non-Executive Director

Andrew Suckling, Non-Executive Director (Independent)

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

*Executive Director*

Joe Phillips, Managing Director

### CORPORATE INFORMATION

#### Corporate Structure

Macarthur Minerals is a Company limited by shares that is incorporated and domiciled in Australia. It is the ultimate parent entity of the Group and has prepared a consolidated half-year financial report incorporating the entities that it controlled during the half-year.

#### Nature and Continuance of Operations

Macarthur Minerals Limited (the "Company") is an Australian public company listed in Canada on the TSX Venture Exchange ("TSX-V") (symbol: MMS), Australian Stock Exchange ("ASX") (symbol: MIO) and on the 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 significant lithium brine interests in the Railroad Valley, Nevada, USA.

As at 30 September 2021, the Company has the following subsidiaries (who are collectively referred to as the "Group"):

- 100% of Macarthur Lithium Nevada Limited (incorporated in Nevada)
- 100% of Esperance Iron Ore Export Company Pty Ltd (previously Macarthur Midway Pty Ltd)
- 100% of Macarthur Marble Bar Lithium Pty Ltd (a dormant subsidiary)
- 100% of Macarthur Minerals NT Pty Ltd ("MMNT") and MMNT's 100% subsidiary, Macarthur Tulshyan Pty Ltd); and
- 100% of Macarthur Australia Limited, which holds the following 100% subsidiaries:
  - 100% of Infinity Mining Limited (formerly Macarthur Lithium Pty Ltd) ("MLi") which holds the Macarthur Lithium Projects;
  - 100% of Macarthur Iron Ore Pty Ltd ("Macarthur Iron Ore" or "MIO") which owns the Lake Giles Iron Ore Projects

There was no change in the nature of the Company's principal activities during the period.

## Directors' Report (Cont'd)

The Company maintains its corporate head office and principal place of business at G03, 555 Coronation Drive, Toowong, Brisbane, Queensland 4066, Australia.

### OPERATING REVIEW

#### Overview of the Half-Year Period

#### BACKGROUND

#### WESTERN AUSTRALIAN IRON ORE PROJECTS

##### Lake Giles Projects

Macarthur Minerals' Lake Giles Iron Ore Projects ("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 Ularring Hematite Project's Mineral Resources are comprised of Indicated Mineral Resources of approximately 54.5 Mt @ 47.2% Fe and approximately 26Mt @ 45.4% Fe Inferred resources. The Mineral Resource estimates were prepared by CSA Global on behalf of Macarthur Minerals (N143-101 Technical Report, 2012<sup>1</sup>) and reported in accordance with the JORC Code<sup>2</sup>.

On 12 August 2020 Macarthur released an updated Mineral Resource estimate for the Lake Giles Magnetite Project<sup>3</sup>. 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 12 August 2020. The Company filed the NI43-101 Technical Report on SEDAR, as announced on 1 October 2020<sup>4</sup>.

The Mineral Resources for the Ularring Hematite Project and Moonshine Magnetite Project (including supporting JORC reporting tables) have previously been reported to the ASX<sup>5</sup>.

In November 2019, the Company made four miscellaneous license applications (L's 30/71, 30/72, 30/73, 77/314) for tenure for water exploration.

On 20 December 2019, the Company entered into an agreement with Arrow Minerals Limited ("Arrow") to acquire mineral tenure for the development of site infrastructure at its Lake Giles Iron Project. Macarthur has acquired a substantial package of land covering approximately 4,950 ha adjacent to the Moonshine Magnetite deposit. The tenure will be used for constructing supporting infrastructure and it also paves the way forward to obtain access to tenure to construct a private haul road from the project through to the open access Perth to Kalgoorlie railway owned by Arc Infrastructure.

1 NI 43-101 Technical Report filed 1 October 2012, titled "NI 43-101 Technical Report, Macarthur Minerals Limited, Pre-Feasibility Study, Ularring Hematite Project, Western Australia filed on SEDAR.com.

2 Refer to the Company's Replacement Prospectus filed on the ASX website 5 December 2019.

3 Refer to the Company's ASX news release dated 12 August 2020.

4 Refer to the Company's ASX news release dated 1 October 2020.

5 Refer to the Company's Replacement Prospectus filed on the ASX website 5 December 2019.

## Directors' Report (Cont'd)

On 25 June 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.

On 16 July 2020 the Company announced<sup>6</sup> that it had received a proposal from Arc Infrastructure ("Arc") that provides an agreed pathway to develop a Commercial Track Access Agreement ("Proposal") for below rail capacity from the Company's Lake Giles Iron Project in the Yilgarn Region of south-western Western Australia to the Port of Esperance.

Under the Proposal, the parties have agreed to work together in good faith to negotiate and agree the terms of a Commercial Track Access Agreement ("CTAA") under which Arc would provide sufficient capacity on its Network to support the Macarthur task. The Proposal also includes indicative track access pricing based on an agreed set of operational parameters that would be incorporated into the CTAA.

The Company is currently exploring an option for rail haulage and unloading infrastructure utilising the Helix Dumper and Kiruna wagons. The Company has engaged RCR MT to undertake concept engineering for the placement of the Helix dumper at the Port of Esperance. The Company has also engaged with third party contractors for potential ownership and operation of the rail unloading infrastructure.

## 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 Infinity Mining Limited (formerly Macarthur Lithium Pty Ltd) ("MLi"), a wholly owned subsidiary of Macarthur Minerals. This group of tenements is located approximately 185 kilometers ("km") South East of Port Hedland and 50 km South West of Marble Bar (the "Hillside Gold Project") in Western Australia.

The Hillside Gold Project is highly prospective for gold and copper with historical sampling along a discontinuous outcropping gossan over a strike of 18 km returning high potential for copper mineralisation up to 7.8% Cu.

The Hillside Gold Project forms part of the tenement package subject to an Option Agreement (replaced by the New Option Agreement dated 28 August 2019) with Fe Ltd (FEL). Under the terms of the agreement FEL was responsible for managing exploration activities for these projects.

In October 2019, FEL conducted a sampling program across the Hillside Project with positive results returned for base metals from a gossan extending over 14km. The gossan line was sampled along the 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<sup>7</sup>.

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).

<sup>6</sup> Refer to the Company's ASX news release dated 15 July 2020.

<sup>7</sup> Refer to FEL ASX news release dated 9 October 2019

## Directors' Report (Cont'd)

In November 2019, FEL completed a drilling program<sup>8</sup> focussing on the gossan line and outcropping quartz reefs. 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.

During the period, FEL conducted further exploration activities on the Hillside tenements following the drilling program completed in 2019. A Fixed Loop Electromagnetic (FLEM) survey was conducted in July 2020 across several high priority targets generated from the SkyTEM electromagnetic survey in 2018 and drilling in late 2019. The survey data is currently being processed and interpreted.

On 15 September 2020, FEL elected not to earn-in on the 25% Stage 1 Interest ("Stage 1 Interest") in Infinity Mining Limited (formerly Macarthur Lithium Pty Ltd) ("MLi") gold and lithium tenements in the Pilbara region of Western Australia, pursuant to the New Option Agreement. Following FEL's decision, the New Option Agreement was terminated and the parties finalised arrangements for the orderly close-out of the joint venture, with effect from 15 September 2020. Macarthur (through MLI) now retains 100% of the Tenements.

### *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 is seeking interested parties to further explore these assets.

### **COVID-19 IMPACTS**

The Company took early steps to actively identify and rationalise its operations, where required, in order to preserve its cash position. The outlook for key commodities such as iron ore and gold in the current Covid-19 affected market remains strong, and as a consequence has not resulted in any impairment of the Company's key capitalised assets.

The Board remains confident that current market and the initiation of global stimulus measures provides an opportunity for the Company to advance its objectives. Provided that travel and regional access restrictions do not unduly impede progression of necessary components of the Company's study programs (such as completion of seasonal environmental surveys), the Company does not currently foresee material adjustments to its target project timeframes and the Macarthur team remains focused on delivering outcomes.

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<sup>8</sup> Refer to FEL ASX news release 10 February 2020.

## Directors' Report (Cont'd)

### SIGNIFICANT EVENTS AFTER BALANCE DATE

#### (i) Legal Proceedings

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

On 26 November 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 22 January 2015 and this matter remains ongoing.

#### (ii) Stock Options

Since 30 September 2021 and up to the date of this report, 480,552 stock options have been exercised.

#### (iii) Repositioning of Non-Iron Ore Pilbara Assets

On 3 August 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 14 September 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 5 October 2021, the Company's holding of Infinity changed from 100% to 60.07%. On 14 October 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 21 October 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 21 October 2021.

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

#### (iv) Board Update

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

#### (v) Sale of FE Limited Shares

On 8 December 2021 the Company completed the sale of 13,666,667 shares in FEL, being its entire investment in FEL.

#### (vi) Change in Auditors

As passed at the Annual General Meeting dated 27 October 2021, RSM Australia Partners have been appointed as auditors for the Company effective from the date of the meeting.

**Directors' Report (Cont'd)****AUDITOR'S INDEPENDENCE DECLARATION**

In accordance with section 307C of the Corporations Act 2001, the Directors received the attached independence declaration from the auditor of the Company on page 9.

Signed in accordance with a resolution of the Directors.



**Cameron McCall**

**Chairman**

14 December 2021

**RSM Australia Partners**

Level 6, 340 Adelaide Street Brisbane QLD 4000  
GPO Box 1108 Brisbane QLD 4001

T +61(0) 7 3225 7800  
F +61(0) 7 3225 7880

[www.rsm.com.au](http://www.rsm.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Macarthur Minerals Limited for the half-year ended 30 September 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'RSM'.

**RSM AUSTRALIA PARTNERS**

A handwritten signature in black ink that reads 'ALBERT LOOTS'.

**Albert Loots**  
Partner

Brisbane, QLD  
Dated: 14 December 2021

**MACARTHUR MINERALS LIMITED****INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
(Expressed in Australian Dollars)  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Six months ended 30 September 2021	Six months ended 30 September 2020
	\$	\$
<b>EXPENSES</b>		
Depreciation	(7,910)	(6,977)
Amortisation – Right of use asset	(17,980)	(35,961)
Exploration expense	(3,947)	(45,821)
Investor relations	(55,922)	(78,004)
Office and general	(225,439)	(568,968)
Personnel fees	(949,156)	(1,751,115)
Professional fees	(313,141)	(345,513)
Rent	(13,803)	-
Share-based compensation	(207,881)	(494,768)
Share registry, filing and listing fees	(158,356)	(220,629)
Travel and accommodation	(26,807)	(3,122)
Borrowing costs	(7,940)	-
	<u>(1,988,282)</u>	<u>(3,550,878)</u>
<b>REVENUE</b>		
Interest Income	221	150
Other Income	604,980	90,205
Gain on foreign exchange	74,825	1,020,211
Gain/(Loss) on change in fair value of warrant liability	2,842,877	(6,093,448)
	<u>3,522,903</u>	<u>(4,982,882)</u>
<b>Profit/(loss) before income tax</b>	<b>1,534,621</b>	<b>(8,533,760)</b>
Income tax expense	-	-
<b>Profit/(loss) for the period</b>	<b>1,534,621</b>	<b>(8,533,760)</b>
<b>Other Comprehensive Income/(loss) Items that will not be reclassified subsequently to profit or loss:</b>		
Fair value gain/(loss) on Investment in FEL at fair value through other comprehensive income	(282,666)	373,333
<b>Total comprehensive income/(loss) for the period</b>	<b>1,251,955</b>	<b>(8,160,427)</b>
Basic and diluted profit/(loss) per ordinary share	<b>0.0109</b>	(0.0801)
Basic and diluted weighted average number of ordinary shares outstanding	<b>141,102,325</b>	106,535,957

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**MACARTHUR MINERALS LIMITED**  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(Expressed in Australian Dollars)  
AS AT 30 SEPTEMBER 2021

	Note	30 September 2021	31 March 2021
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		5,233,425	5,018,170
Trade and Other receivables		276,158	98,155
Security deposits and prepayments		240,633	176,015
<b>Total current assets</b>		<b>5,750,216</b>	<b>5,292,340</b>
<b>Non-Current</b>			
Plant and equipment		48,947	49,916
Right of use asset		-	257,718
Investment in FE Ltd		642,333	1,120,000
Exploration and evaluation assets	3	70,280,504	67,513,545
<b>Total non-current assets</b>		<b>70,971,784</b>	<b>68,941,179</b>
<b>Total assets</b>		<b>76,722,000</b>	<b>74,233,519</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		2,817,784	637,006
Employee benefits		89,861	64,519
Warrant liability	4	3,543,896	5,029,991
Lease liability		-	69,936
<b>Total current liabilities</b>		<b>6,451,541</b>	<b>5,801,452</b>
<b>Non-Current</b>			
Lease liability		-	213,476
Employee benefits		41,462	32,920
<b>Total non-current liabilities</b>		<b>41,462</b>	<b>246,396</b>
<b>Total liabilities</b>		<b>6,493,003</b>	<b>6,047,848</b>
<b>Net assets</b>		<b>70,228,997</b>	<b>68,185,671</b>
<b>SHAREHOLDERS' EQUITY</b>			
Contributed equity	4	119,926,195	119,342,705
Reserves		6,974,285	7,049,070
Accumulated losses		(56,671,483)	(58,206,104)
<b>Total shareholders' equity</b>		<b>70,228,997</b>	<b>68,185,671</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**MACARTHUR MINERALS LIMITED**
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Australian Dollars)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Number of Shares #	Contributed Equity \$	Accumulated losses \$	Reserves \$	Total Equity \$
<b>Balance at 1 April 2020</b> <sup>[1]</sup>	102,386,361	104,794,986	(47,879,689)	4,648,952	61,564,249
Correction of error	-	-	585,808	-	585,808
<b>Restated total equity at the beginning of the period</b>	102,386,361	104,794,986	(47,293,881)	4,648,952	62,150,057
Net loss for the period (restated)	-	-	(8,533,760)	-	(8,533,760)
Share-based payment transactions	-	-	-	494,768	494,768
Other comprehensive income for the period	-	-	-	373,333	373,333
Shares in consideration for Consultancy fees	323,551	45,156	-	-	45,156
Shares in consideration for purchase of assets	1,702,997	250,000	-	-	250,000
Bonus Shares issued to Directors and employees	3,000,000	810,000	-	-	810,000
Convertible Notes conversion	15,248,936	6,856,723	-	-	6,856,723
Vested RSU's	2,937,500	535,950	-	(535,950)	-
<b>Balance at 30 September 2020</b>	<b>125,599,345</b>	<b>113,292,815</b>	<b>(55,827,641)</b>	<b>4,981,103</b>	<b>62,446,277</b>
<b>Balance at 1 April 2021</b>	139,614,135	119,342,705	(63,759,085)	7,049,070	62,632,690
Correction of error	-	-	5,552,981	-	5,552,981
<b>Restated total equity at the beginning of the period</b>	139,614,135	119,342,705	(58,206,104)	7,049,070	68,185,671
Net profit for the period	-	-	1,534,621	-	1,534,621
Other comprehensive loss for the period	-	-	-	(282,666)	(282,666)
Share-based payment transactions	-	-	-	207,881	207,881
Exercise of options and warrants	4,813,600	583,490	-	-	583,490
<b>Balance at 30 September 2021</b>	<b>144,427,735</b>	<b>119,926,195</b>	<b>(56,671,483)</b>	<b>6,974,285</b>	<b>70,228,997</b>

<sup>[1]</sup> On 31 October 2019 the Shareholders approved a consolidation of the Company's share capital on a 1 for 4 basis.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**MACARTHUR MINERALS LIMITED**  
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS  
(Expressed in Australian Dollars)  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Six months ended 30 September 2021 \$	Six months ended 30 September 2020 \$
<b>OPERATING ACTIVITIES</b>		
Net profit/(loss) for the period	1,534,621	(8,533,760)
<i>Items not involving cash:</i>		
Depreciation - PPE	7,910	6,977
Amortisation - Right of use asset	17,980	35,961
FX gain on Convertible note conversion	-	(1,277,260)
Change in fair value of warrant liability	(2,842,877)	6,093,448
Share-based compensation	207,881	494,768
Bonus shares issued to Directors and employees	-	810,000
Shares in consideration for Consultancy fees	-	45,156
<i>Changes in assets and liabilities:</i>		
Increase/(decrease) in accounts payable and accrued liabilities	2,180,778	(90,247)
(Increase)/decrease in security deposits and prepayments	(64,618)	310,805
(Increase)/decrease in receivables	(178,003)	13,380
Increase in employee provisions	33,884	18,293
<b>Net Cash from/(used in) Operating Activities</b>	<b>897,556</b>	<b>(2,072,479)</b>
<b>INVESTING ACTIVITIES</b>		
Plant & Equipment purchases	(6,941)	-
Sale of financial assets	195,001	-
Deferred exploration expenditures	(2,766,959)	(408,181)
<b>Net Cash used in Investing Activities</b>	<b>(2,578,899)</b>	<b>(408,181)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	1,940,272	-
Payments for lease liability	(43,674)	(30,734)
Proceeds from Convertible Note issue	-	-
<b>Net Cash from / (used in) Financing Activities</b>	<b>1,896,598</b>	<b>(30,734)</b>
Change in cash and cash equivalents during period	215,255	(2,511,394)
Cash and cash equivalents, beginning of period	5,018,170	4,518,165
<b>Cash and cash equivalents, end of period</b>	<b>5,233,425</b>	<b>2,006,771</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

## **MACARTHUR MINERALS LIMITED**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Australian Dollars)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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### **NATURE AND CONTINUANCE OF OPERATIONS**

Macarthur Minerals Limited (the “Company”) 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 significant lithium brine interests in the Railroad Valley, Nevada, USA.

As at 30 September 2021, the Company has the following subsidiaries (who are collectively the “Group”):

- 100% of Macarthur Australia Limited, which holds the following 100% subsidiaries:
  - 100% of Infinity Mining Limited (formerly Macarthur Lithium Pty Ltd) (“MLi”) which holds the Macarthur Lithium Projects;
  - 100% of Macarthur Iron Ore Pty Ltd (“Macarthur Iron Ore” or “MIO”) which owns the Lake Giles Iron Ore Projects
- 100% of Macarthur Lithium Nevada Limited (incorporated in Nevada)
- 100% of Esperance Iron Ore Export Company Pty Ltd (previously Macarthur Midway Pty Ltd)
- 100% of Macarthur Marble Bar Lithium Pty Ltd (a dormant subsidiary); and
- 100% of Macarthur Minerals NT Pty Ltd (“MMNT”) and MMNT’s 100% subsidiary, Macarthur Tulshyan Pty Ltd.

There was no change in the nature of the Company’s principal activities during the period.

The Company maintains its corporate head office and principal place of business at G03, 555 Coronation Drive, Toowong, Brisbane, Queensland 4066, Australia.

#### **1. BASIS OF PRESENTATION**

These general-purpose interim consolidated financial statements for the half-year reporting period ended 30 September 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 ‘Interim Financial Reporting’ and the Corporations Act 2001, as appropriate for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Macarthur Minerals Limited and its controlled entities (referred to as the “Consolidated Group” or “Group”). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2021, together with any public announcements made during the following half-year.

These condensed interim consolidated financial statements were authorized by the Board of Directors of the Company on 14 December 2021.

#### **GOING CONCERN FUNDING**

The Group had net current liabilities of \$701,325 as at 30 September 2021, and used net cash of \$2,578,899 in investing activities during the period, as a result of its exploration activity. There are 21,675,913 warrants due to expire in the next 9 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\$11,841,638. 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 company also has the ability to issue additional shares in terms of the Corporations Act 2001.

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.

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**2. SIGNIFICANT ACCOUNTING POLICIES**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

**3. EXPLORATION AND EVALUATION ASSETS**

The ultimate recoupment of the carrying value of exploration and evaluation assets is dependent on the successful development, commercial exploitation and financing of the areas of interest, or alternatively through sale.

At 30 September 2021, the Company held 100% of the outstanding and issued share capital of Macarthur Australia. Macarthur Australia's wholly owned subsidiaries MIO and MLI hold assets which include the Iron Ore Projects and Lithium Exploration Projects, respectively. Macarthur Minerals also holds 100% of Macarthur Lithium Nevada Limited ("MLiNV"), which holds a Lithium Exploration Project in Nevada.

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

The Iron Ore projects' book value reflects the historical costs of exploration and evaluation expenditure capitalised in accordance with the Company's accounting policy and Australian Accounting Standards and IFRS.

Exploration expenditure of \$2,766,959 was capitalised during the period ended 30 September 2021, as per table below.

**Exploration and evaluation expenditure*****Interim Expenditure***

The following is a summary of acquisition and deferred exploration costs incurred:

	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
<b>Balance as at 1 April 2020</b>	<b>4,010,636</b>	<b>62,207,580</b>	<b>66,218,216</b>
Accommodation and camp maintenance	-	50,127	50,127
Environmental surveys	-	8,210	8,210
Other	-	34,066	34,066
Personnel and Contractors	-	227,294	227,294
Rent and rates	-	203,258	203,258
Research and reports	-	722,855	722,855
Sampling and testing	-	2,442	2,442
Tenement management and outlays	-	24,451	24,451
Travel	-	4,150	4,150
Vehicle hire	-	18,476	18,476
	-	<b>1,295,329</b>	<b>1,295,329</b>
<b>Balance as at 31 March 2021</b>	<b>4,010,636</b>	<b>63,502,909</b>	<b>67,513,545</b>

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**3. EXPLORATION AND EVALUATION ASSETS (cont'd)**

	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
<b>Incurring during the period</b>			
Accommodation and camp maintenance	-	66,346	66,346
Environmental surveys	-	-	-
Other	-	7,295	7,295
Personnel and Contractors	-	136,927	136,927
Rent and rates	-	162,739	162,739
Research and reports	-	2,350,245	2,350,245
Sampling and testing	-	8,790	8,790
Tenement management and outlays	-	12,646	12,646
Travel	-	6,923	6,923
Vehicle hire	-	15,048	15,048
	-	<b>2,766,959</b>	<b>2,766,959</b>
<b>Balance as at 30 September 2021</b>	<b>4,010,636</b>	<b>66,269,868</b>	<b>70,280,504</b>

All capitalised exploration costs represent costs incurred during the exploration and evaluation phase, \$690,203 of the carrying value relates to the Lithium project.

**Commitments**

In order to maintain its current rights of tenure for exploration and/or mining activities, the Company is required to perform minimum annual expenditure requirements specified by the Western Australian Government and pay local shire rents and rates. The expenditure obligations are subject to renegotiation when an application for a mining lease and/or renewal of exploration permits are made or at other times and are subject to whether the Company decides to continue a tenement's rights until its expiry. Due to the nature of the Company's activities, it is difficult to accurately forecast the amount of future expenditure that will be necessary to incur in order to maintain present interests.

These obligations are not provided for in the financial statements and are payable at future dates as follows:

	30 September 2021 \$	31 March 2021 \$
Not later than one year	1,429,770	1,368,684
Later than one year but not later than five years	4,221,094	4,088,930
	<b>5,650,864</b>	<b>5,457,614</b>

For the financial year ended 31 March 2021, the Company may apply for exemptions against expenditure in relation to those tenements which did not have sufficient expenditure recorded against them in the prior 12 months of their term. Exemption has and may be sought on the basis that aggregate expenditure on those tenements in prior years far exceeded the minimum required. In the event that exemption for these tenements is not granted (which the Company believes is highly unlikely), the Company may have to impair/expense the value of the amount Capitalized to exploration and evaluation assets for those tenements.

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**3. EXPLORATION AND EVALUATION ASSETS (cont'd)**

If exemptions being applied for are approved as outlined above, the obligations not provided for in the financial statements are payable at future dates as follows:

	<b>30 September 2021</b>	31 March 2021
	\$	\$
Not later than one year	<b>960,682</b>	931,684
Later than one year but not later than five years	<b>4,221,094</b>	4,088,930
	<b>5,181,776</b>	5,020,614

**4. CONTRIBUTED EQUITY****Ordinary Shares**

	<b>30 September 2021</b>	31 March 2021
	\$	\$
Issued and fully paid	<b>119,926,195</b>	119,342,705
	<b>Number</b>	Number
Number of Shares on Issue	<b>144,427,735</b>	139,614,135

	<b>30 September 2021</b>	31 March 2021
At the beginning of the reporting period	<b>139,614,135</b>	102,386,361
Shares Issued during the period:		
17 Sept 2020 (CAD\$0.32 per share)	-	2,937,500
26 Oct 2020 (AUD\$0.55 per share)	-	5,137,382
2 Nov 2020 (AUD\$0.55 per share)	-	6,225,236
Bonus shares	-	3,612,726
Shares in consideration for consultancy fees	-	837,997
Conversion of Convertible Notes	-	15,248,936
Shares in consideration for assets	-	1,702,997
Exercise of options and warrants	<b>4,813,600</b>	1,525,000
At the end of the reporting period	<b>144,427,735</b>	<b>139,614,135</b>

The Company has authorised Ordinary Shares with no par value. All issued shares are fully paid and equally ranked with voting rights.

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**4. CONTRIBUTED EQUITY (cont'd)****Share Compensation Plans**

The Company, in accordance with the Company's Employee and Consultant Share Compensation Plans ("Plans") and the policies of the TSX-V, is authorized to grant incentive stock options ("Options"), award equity restricted share units ("RSU's"), or bonus shares or issue ordinary shares from treasury pursuant to the Company's share purchase scheme to directors, employees and consultants to acquire in aggregate up to 20% of issued and outstanding ordinary shares as at 28 September 2021, being 144,427,735 Common Shares. Both Plans were approved on 27 October 2021 by the shareholders and replace the Company's previous Plans.

The exercise price of the Options is fixed by the Board at no less than the discounted market price (as defined under the TSX-V Company Manual) of the shares on the grant date, subject to all applicable regulatory requirements. Options under the Plans can be granted for a maximum term of 5 years and may be subject to vesting criteria as determined by the Board.

The fair value of all issued Options is measured and expensed as share-based compensation at the grant date if they are fully vested upon granting, otherwise the fair value is expensed over the vesting period. A corresponding increase is recorded to reserves.

**Share Options**

During the six-month period ended 30 September 2021 500,000 options were exercised by consultants and 500,000 options issued to employees and Directors.

Share option transactions issued under the Company's Share Compensation Plan and the number of share options outstanding are summarized as follows:

	Six months ended 30 September 2021		Year ended 31 March 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	5,035,000	\$0.27 (CAD\$0.25)	5,080,000	\$0.25 (CAD\$0.22)
Granted	500,000	\$0.87 (CAD\$0.80)	3,500,000	\$0.28 (CAD\$0.27)
Expired	-	-	(2,020,000)	\$0.23 (CAD\$0.22)
Forfeited	-	-	-	-
Exercised	(500,000)	\$0.17 (CAD\$0.16)	(1,525,000)	\$0.24 (CAD\$0.23)
Outstanding, end of period	5,035,000	\$0.27 (CAD\$0.25)	5,035,000	\$0.27 (CAD\$0.25)
Options exercisable, end of period	5,035,000	\$0.27 (CAD\$0.25)	5,035,000	\$0.27 (CAD\$0.25)

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**4. CONTRIBUTED EQUITY (cont'd)**

Share options outstanding at 30 September 2021 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
555,000	CAD\$0.20	3 Dec 2021
1,480,000	CAD\$0.20	24 Feb 2022
500,000	AUD\$0.34	31 Dec 2022
500,000	AUD\$0.36	31 Dec 2022
500,000	AUD\$0.38	31 Dec 2022
500,000	CAD\$0.24	31 Dec 2022
500,000	CAD\$0.32	31 Dec 2022
500,000	CAD\$0.80	11 Dec 2022

The range of exercise prices for options outstanding at September 30, 2021 is CAD\$0.20 to CAD\$0.80.

The weighted average remaining contractual life for the share options as at September 30, 2021 is 0.88 years.

Options transactions with an Australian Dollar exercise price issued under the private placements and the number of options outstanding and their related weighted average exercise prices are summarised as follows:

	Six months ended 30 September 2021		Year ended 31 March 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	<b>12,862,618</b>	<b>AUD\$0.88</b>	-	-
Granted	-	-	12,862,618	AUD\$0.88
Expired	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding, end of year	<b>12,862,618</b>	<b>AUD\$0.88</b>	12,862,618	AUD\$0.88
Options exercisable, end of year	<b>12,862,618</b>	<b>AUD\$0.88</b>	12,862,618	AUD\$0.88

Share options outstanding at 30 September 2021 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
5,137,382	AUD\$0.90	26 Oct 2022
6,225,236	AUD\$0.90	2 Nov 2022
1,500,000	AUD\$0.75	12 Nov 2022

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**4. CONTRIBUTED EQUITY (cont'd)****Restricted Share Units**

During the six-month period ended 30 September 2021, 5,600,000 RSU's were granted. No other RSU's vested, expired or were forfeited. Since 30 September 2021 up to the date of this report, 450,000 RSUs expired.

RSU transactions, the number outstanding and their related weighted average vesting prices are summarized as follows:

	Six months ended 30 September 2021		Year ended 31 March 2021	
	Number of RSUs	Weighted Average Exercise Price	Number of RSUs	Weighted Average Exercise Price
Outstanding, beginning of period	3,282,500	\$0.72 (CAD\$0.68)	4,726,471	\$0.52 (CAD\$0.45)
Granted	5,600,000	\$0.97 (CAD\$0.90)	3,282,500	\$0.72 (CAD\$0.68)
Vested	-	-	(2,937,500)	\$0.33 (CAD\$0.32)
Forfeited	-	-	(612,500)	\$0.43 (CAD\$0.41)
Expired	-	-	(1,176,471)	\$0.84 (CAD\$0.80)
Outstanding, end of period	8,882,500	\$0.88 (CAD\$0.82)	3,282,500	\$0.72 (CAD\$0.68)

RSUs outstanding at 30 September 2021 have the following vesting prices and expiry dates:

Number of RSUs	Vesting Price	Expiry Date
1,000,000	CAD\$0.65	8 Dec 2023
2,282,500	CAD\$0.70	19 Jan 2024
5,600,000	CAD\$0.90	11 Jun 2024

The weighted average remaining contractual life for the RSUs as at 30 September 2021 is 2.80 years.

**Equity Finance Facility**

In addition to the Private Placement, the Company has executed an AUD\$20 million standby equity finance facility secured under a Controlled Placement Agreement ("Equity Finance Facility") with L1 Capital Global Opportunities Master Fund ("L1"). The agreement entitles the Company to issue shares to L1 over 36 months under "Placement Notice(s)" at the Company's discretion, and to receive funds for the issue of those shares at the greater of 90% of: (i) the average daily VWAP over 30 Trading Days of the Company's Australian Securities Exchange (ASX) listed shares following delivery of a Placement Notice (Pricing Period); and (ii) the Minimum Acceptable Price nominated by the Company (provided that the discounted Minimum Acceptable Price cannot be lower than any minimum price required under the ASX Listing Rules or the TSX Listing Rules, and in any event not less than AUD \$0.20) ("Purchase Price").

The additional key terms of the Equity Finance Facility are described in the Company's News Release dated 13 October 2020.

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**4. CONTRIBUTED EQUITY (cont'd)****Warrants**

Warrants relating to rights issues and private placements at the beginning of the period totaled 25,777,188. No warrants were granted or expired during the period ended 30 September 2021. 4,313,600 warrants were exercised during the period ended 30 September 2021.

Warrant transactions, the number outstanding and their related weighted average vesting prices are summarized as follows:

	Six months ended 30 September 2021		Year ended 31 March 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	<b>25,777,188</b>	<b>\$0.60 (CAD\$0.52)</b>	25,777,188	\$0.60 (CAD\$0.52)
Granted	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Exercised	<b>(4,313,600)</b>	<b>\$0.44 (CAD\$0.40)</b>	-	-
Outstanding, end of period	<b>21,463,588</b>	<b>\$0.60 (CAD\$0.55)</b>	25,777,188	\$0.60 (CAD\$0.52)

Warrants outstanding at 30 September 2021 have the following vesting prices and expiry dates:

Number of warrants	Exercise Price	Expiry Date
7,927,683	CAD\$0.80	15 Dec 2021
9,434,630	CAD\$0.40	15 Dec 2021
3,029,375	CAD\$0.40	5 Aug 2022
867,291	CAD\$0.40	1 Oct 2022
204,609	CAD\$0.40	3 Nov 2022

**Warrant Liability**

During the period ended 30 September 2021, no warrants were granted. Where the warrants have an exercise price denominated in a currency which is different from the functional currency of the Company (Australian dollar), the warrants are treated as a financial liability. The Company's share purchase warrants are classified and accounted for as a financial liability at fair value with changes in fair value recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The warrant derivative liability is classified as level 2 in the fair value hierarchy. As of 30 September 2021, the Company had 21,463,588 (31 March 2021 – 25,777,188) warrants outstanding, which are classified and accounted for as a financial liability. The Company recognised a gain of \$2,842,877 (30 September 2020 – loss of \$6,093,448) from changes in the fair value of the warrant liability. The value of warrant liability as at 30 September 2021 is \$3,543,896.

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**5. SHARE-BASED COMPENSATION**

The Company measures the cost of share options at fair value at the grant date using the Black-Scholes formula, adjusted to reflect market vesting conditions, but excludes any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest and the entity revises its estimate of options that are expected to vest at each reporting date.

The fair value calculated for options issued is expensed over their vesting period as share-based compensation in the statement of profit or loss and other comprehensive income and a corresponding amount is recorded to reserves. Upon exercise the fair value of the options is re-classified from reserves to contributed equity.

**6. RELATED PARTY TRANSACTIONS****Related party disclosure**

The condensed interim consolidated financial statements include the financial statements of Macarthur Minerals Limited and the subsidiaries listed in the following table. Balances and transactions between the Company and its wholly-owned subsidiaries have been eliminated on consolidation. Macarthur Minerals Limited is the ultimate parent for all entities.

Name	Country of Incorporation	% Equity Interest	
		30 September 2021	30 September 2020
Esperance Iron Ore Export Company Pty Ltd	Australia	100	100
Macarthur Australia Limited	Australia	100	100
Macarthur Iron Ore Pty Ltd	Australia	100	100
Infinity Mining Limited (formerly Macarthur Lithium Pty Ltd)	Australia	100	100
Macarthur Minerals NT Pty Ltd	Australia	100	100
Macarthur Tulshyan Pty Ltd	Australia	100	100
Macarthur Marble Bar Lithium Pty Ltd	Australia	100	100
Macarthur Lithium Nevada Limited	U.S.A	100	100

The Group's equity interest in all subsidiaries is in direct holdings of ordinary shares. All subsidiaries operate from the Company's premises and have the same reporting date as the Group. There are no significant restrictions on the Group's ability to access or use assets, and settle liabilities, of the Group.

**Key Management Personnel**

The following persons were key management personnel of the Company during the period ending 30 September 2021.

*Non-Executive Directors*

Cameron McCall, Chairman

Alan Phillips, Non-Executive Director

Andrew Suckling, Non-Executive Director (Independent)

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

*Executive Directors*

Joe Phillips, Managing Director

*Other*

Andrew Bruton, CEO

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**7. TAX CONSOLIDATION**

Macarthur Minerals and its wholly-owned Australian subsidiaries are members of an Australian income tax consolidated group.

**8. SEGMENTED INFORMATION**

The chief operating decision-maker has been identified as the CEO of the Company. The Group has identified one reportable segment (the exploration of mineral resources). All such operations and substantially all the capital assets of the Group are situated in Australia as at the reporting date.

**9. FAIR VALUE****Fair Value Measurements****(a) Valuation Techniques**

The Group's only asset or liability measured using fair value are the Warrant liabilities. Warrant liabilities are measured on a recurring basis, no other assets or liabilities of the Group are measured at fair value on a recurring or non-recurring basis. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The Group designates the fair value of the derivative liability as Level 2 of the fair value hierarchy, being inputs that are observable other than quoted prices included in Level 1. The availability of sufficient and relevant data primarily depends on the specific terms and conditions of the Warrant liability being measured. The valuation techniques selected by the Group are consistent with the following valuation approach:

- Market approach uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

**(b) Financial Instruments**

The following table represents a comparison between the carrying amounts and fair values of financial assets and liabilities:

	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	30 Sept 2021		31 March 21	
	\$	\$	\$	\$
<b>Financial liabilities:</b>				
<i>Financial liabilities at fair value through profit or loss</i>				
Warrant liabilities	3,543,896	3,543,896	5,029,991	5,029,991
<i>Financial liabilities at amortised cost</i>				
Accounts payables and accrued liabilities	2,817,784	2,817,784	637,006	637,006

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**9. FAIR VALUE (cont'd)**

As the carrying amounts of the Groups financial assets being cash and cash equivalents, receivables and deposits approximate their fair values, they have not been included in the above table.

**(c) Valuation Techniques and Inputs Used to Determine Level 2 Fair Values**

<b>Level 2</b>	<b>Valuation Technique</b>	<b>Inputs Used</b>
Warrant liability	Black-Scholes valuation model	<ul style="list-style-type: none"> <li>- Share price</li> <li>- Exercise price</li> <li>- Expected term</li> <li>- Share price volatility</li> <li>- Risk-free rate of return</li> <li>- Dividend rate</li> </ul>

There were no changes during the period in the valuation techniques used by the Group to determine Level 2 fair values.

**(d) Misstatement of Warrant liability in prior period due to excessive volatility computation**

A re-computation of the warrant liability at 31 March 2021 has highlighted an excessively high volatility factor used in the computation of the warrant liability.

The consequent overstatement of the liability at 31 March 2021 has required corrections to the Warrant Liability in the Consolidated Statement of Financial Position 31 March 2021 and 31 March 2020 and to the Consolidated Statement of Profit or Loss for the period ended 30 September 2021 and 30 September 2020. The impact of the prior period misstatement is outlined at Note 10.

**10. PRIOR PERIOD MISSTATEMENT OF WARRANT LIABILITY**

The error noted in note 9(d) has been corrected by restating each of the affected financial statement line items for the prior periods as follows

**Balance Sheet (extract)****1. Warrant liability**

	<b>31 March</b>	<b>30 September</b>
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Balance previously disclosed	1,258,193	11,766,281
Increase/(decrease) in warrant liability	2,285,703	(5,359,076)
Restated balance	3,543,896	6,407,205

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**10. PRIOR PERIOD MISSTATEMENT OF WARRANT LIABILITY****Equity****2. Accumulated Losses**

	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance previously disclosed	(63,759,085)	(61,186,717)	(47,879,689)
Decrease in accumulated losses	5,552,981	5,359,076	585,808
Restated balance	<u>(58,206,104)</u>	<u>(55,827,641)</u>	<u>(47,293,881)</u>

**3. Statement of Profit and Loss and Other Comprehensive Income****Change in fair value of warrant liability**

	<b>Six months ended</b>
	<b>30 September 2020</b>
	<b>\$</b>
Balance previously disclosed	(10,866,716)
Decrease in Change in fair value of warrant liability	4,773,268
Restated balance	<u>(6,093,448)</u>

## **MACARTHUR MINERALS LIMITED**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS** (Expressed in Australian Dollars)

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#### **11. COMMITMENTS**

##### **Exploration expenditures**

Certain future exploration expenditures are required to be undertaken by the Company as a minimum retention for exploration permits. These expenditures were set out in Note 3 to the condensed interim consolidated financial statements for the period ended 30 September 2021.

Apart from the above, the Company has no other material commitments at the reporting period date.

#### **12. CONTINGENT LIABILITIES**

##### **a) Security Bonds**

The Company has a contingent liability of \$56,626 for bank guarantees issued for office leasing arrangements in Brisbane and corporate credit cards and a \$100,000 bank guarantee in relation to the 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”).

##### **b) Supreme Court Proceedings**

###### **LPD v. Macarthur and Ors. (“New Proceedings”)**

On 26 November 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 22 January 2015 and this matter remains ongoing.

#### **13. SUBSEQUENT EVENTS**

##### **a) Stock Options**

Since 30 September 2021 and up to the date of this report, 480,552 stock options have been exercised.

##### **b) Repositioning of Non-Iron Ore Pilbara Assets**

On 3 August 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 14 September 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 5 October 2021, the Company’s holding of Infinity changed from 100% to 60.07%. On 14 October 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 21 October 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

**MACARTHUR MINERALS LIMITED**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian Dollars)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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**13. SUBSEQUENT EVENTS (cont'd)**

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. 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 21 October 2021.

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

As at the date of this report, Infinity Mining Limited is expected to be listed on the ASX by mid December 2021.

**c) Board of Directors**

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

**d) Change in Auditors**

As passed at the Annual General Meeting dated 27 October 2021, RSM Audit Australia have been appointed as auditors for the Company effective from the date of the meeting.

**e) Sale of FE Limited Shares (FEL)**

On 8 December 2021 the Company completed the sale of 13,666,667 shares in FEL, being its entire investment in FEL.

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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## **Directors' Declaration**

In accordance with a resolution of the directors of Macarthur Minerals Limited, I state that:

In the opinion of the Directors:

- a) the financial statements and the notes of the Group for the half-year ended 30 September 2021 are in accordance with the Corporations Act 2001, including:
  - i) giving a true and fair view of the financial position as at 30 September 2021 and the performance of the Group for the half-year ended on that date; and
  - ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



**Cameron McCall**  
**Chairman**  
14 December 2021



**RSM Australia Partners**

Level 6, 340 Adelaide Street Brisbane QLD 4000  
GPO Box 1108 Brisbane QLD 4001

T +61(0) 7 3225 7800  
F +61(0) 7 3225 7880

[www.rsm.com.au](http://www.rsm.com.au)

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
MACARTHUR MINERALS LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Macarthur Minerals Limited which comprises the consolidated statement of financial position as at 30 September 2021, the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of Macarthur Minerals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 September 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Macarthur Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Macarthur Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Macarthur Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 September 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

**RSM AUSTRALIA PARTNERS**



**Albert Loots**  
Partner

Brisbane, Queensland  
Dated: 14 December 2021