



**ABN 93 103 011 436**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – prepared by Management)

**For the Six months ended September 30, 2022**

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

## **Condensed Interim Consolidated Financial Statements – September 30, 2022**

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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 7.

The financial report was authorised for issue by the directors on November 14, 2022. The directors have the power to amend and reissue the financial report.

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The Management of the Company is responsible for the preparation of the accompanying unaudited condensed interim consolidated financial statements. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") for the preparation of the condensed interim consolidated financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company's auditor has not performed a review of these condensed interim consolidated financial statements.

**MACARTHUR MINERALS LIMITED****CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT SEPTEMBER 30, 2022

(Expressed in Australian Dollars)

(Unaudited)

	Notes	September 30, 2022	March 31, 2022
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		3,561,553	1,625,572
Other receivables		172,091	221,841
Security deposits and other assets		135,881	177,141
<b>Total current assets</b>		<b>3,869,525</b>	<b>2,024,554</b>
<b>Non-Current</b>			
Plant and equipment	4	73,617	40,732
Right of use asset		174,432	-
Investments accounted for using the equity method	15	3,951,486	3,384,363
Exploration and evaluation assets	5	74,053,398	73,031,754
<b>Total non-current assets</b>		<b>78,252,933</b>	<b>76,456,849</b>
<b>Total assets</b>		<b>82,122,458</b>	<b>78,481,403</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables		455,324	1,173,019
Provisions		102,949	93,731
Lease liabilities		109,944	-
Warrant liability		-	520,350
Loan from unrelated parties	17	-	1,000,000
<b>Total current liabilities</b>		<b>668,217</b>	<b>2,787,100</b>
<b>Non-Current</b>			
Provisions		67,071	51,043
Lease liabilities		70,815	-
<b>Total non-current liabilities</b>		<b>137,886</b>	<b>51,043</b>
<b>Total liabilities</b>		<b>806,103</b>	<b>2,838,143</b>
<b>Net assets</b>		<b>81,316,355</b>	<b>75,643,260</b>
<b>SHAREHOLDERS' EQUITY</b>			
Contributed equity		127,704,354	121,772,352
Reserves	6	10,367,719	7,693,697
Accumulated Losses		(56,755,718)	(53,822,789)
<b>Total shareholders' equity</b>		<b>81,316,355</b>	<b>75,643,260</b>

Nature and continuance of operations (Note 1)

Subsequent events (Note 18)

Contingent liabilities (Note 16)

On behalf of the Board of Directors:

"Cameron McCall"

Director

"Andrew Suckling"

Director

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

**MACARTHUR MINERALS LIMITED**
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022**

(Expressed in Australian Dollars)

(Unaudited)

	Three months ended September 30, 2022 \$	Three months ended September 30, 2021 \$	Six months ended September 30, 2022 \$	Six months ended September 30, 2021 \$
<b>EXPENSES</b>				
Depreciation – plant and equipment	(3,835)	(4,005)	(8,241)	(7,561)
Depreciation – Right of use asset	(13,986)	-	(28,134)	(17,980)
Exploration expense	(55,689)	9,287	(55,689)	(3,947)
Investor relations	(61,332)	(16,599)	(132,266)	(55,922)
Loss from share of associate (Note 15)	(391,585)	-	(483,428)	-
Impairment of investment in associate (Note 15)	1,030,331	-	896,550	-
Office and general	(95,672)	(97,437)	(174,378)	(192,586)
Personnel fees	(350,699)	(508,164)	(1,297,790)	(949,254)
Professional fees	(151,179)	(125,494)	(441,844)	(253,649)
Other income/(expense)	7,112	(13,803)	31,244	(13,803)
Share-based compensation	(140,431)	1,844,708	(1,621,157)	(207,881)
Share registry, filing and listing fees	(119,558)	(106,175)	(174,096)	(158,356)
Travel and accommodation	(54,672)	(6,183)	(107,451)	(26,807)
Borrowing costs	(2,510)	(2,356)	(11,315)	(7,940)
	<b>(403,705)</b>	<b>973,779</b>	<b>(3,607,995)</b>	<b>(1,895,686)</b>
<b>REVENUE</b>				
Interest Income	542	96	575	221
Other Income	63,499	220	116,835	604,980
Gain on foreign exchange	(1,225)	55,948	37,307	74,825
Gain/(Loss) on change in fair value of warrant liability (Note 6)	1,219	(2,879,855)	520,350	2,842,877
	<b>64,035</b>	<b>(2,823,591)</b>	<b>675,067</b>	<b>3,522,903</b>
<b>Profit/(loss) before income tax from continuing operations</b>	<b>(339,670)</b>	<b>(1,849,812)</b>	<b>(2,932,928)</b>	<b>1,627,217</b>
Income tax expense	-	-	-	-
<b>Net profit/(loss) for the period from continuing operations</b>	<b>(339,670)</b>	<b>(1,849,812)</b>	<b>(2,932,928)</b>	<b>1,627,217</b>
Net (loss)/profit from discontinued operations (Note 14)	-	(92,596)	-	(92,596)
<b>Net (loss)/profit for the period</b>	<b>(339,670)</b>	<b>(1,942,408)</b>	<b>(2,932,928)</b>	<b>1,534,621</b>
<b>Other Comprehensive Income/(loss) Items that will not be reclassified subsequently to profit or loss:</b>				
Fair value loss on Investment at fair value through other comprehensive income	-	(54,666)	-	(282,666)
<b>Total comprehensive income/(loss) for the period</b>	<b>(339,670)</b>	<b>1,997,074</b>	<b>(2,932,928)</b>	<b>1,251,955</b>
Basic and diluted profit/(loss) per ordinary share	<b>(0.0021)</b>	0.0138	<b>(0.0179)</b>	0.0109
Basic and diluted weighted average number of ordinary shares outstanding	<b>165,653,488</b>	<b>144,427,735</b>	<b>163,627,258</b>	<b>141,102,325</b>

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

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

	Note	Number of Shares #	Contributed Equity \$	Accumulated losses \$	Reserves \$	Total Equity \$
<b>Balance at April 1, 2021</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 September 30, 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>
<b>Balance at April 1, 2022</b>		<b>146,253,488</b>	<b>121,772,352</b>	<b>(53,822,790)</b>	<b>7,693,697</b>	<b>75,643,259</b>
Net loss for the period		-	-	(2,932,928)	-	(2,932,928)
Share-based payment transactions	6	-	-	-	2,674,022	2,674,022
Bonus shares	6	4,400,000	1,430,000	-	-	1,430,000
Share issue - Private placement		15,000,000	7,500,000	-	-	7,500,000
Cost of share capital		-	(2,997,998)	-	-	(2,997,998)
<b>Balance at September 30, 2022</b>		<b>165,653,488</b>	<b>127,704,354</b>	<b>(56,755,718)</b>	<b>10,367,719</b>	<b>81,316,355</b>

(Expressed in Australian Dollars) (Unaudited)

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

**MACARTHUR MINERALS LIMITED****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Australian Dollars)

(Unaudited)

	Six months ended September 30, 2022	Six months ended September 30, 2021
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net profit/(loss) for the period	(2,932,928)	5,981,744
<i>Items not involving cash:</i>		
Depreciation – plant and equipment	8,241	7,560
Depreciation – Right of use assets	28,134	17,980
Change in fair value of warrant liability	(520,350)	(9,324,779)
Share-based compensation	1,621,157	2,052,589
Loss from share of associate	483,428	-
Impairment reversal of investment in associate	(896,550)	-
Change in foreign exchange – unrealized	(37,307)	-
<i>Changes in assets and liabilities:</i>		
(Decrease)/increase in trade and other payables	(680,390)	1,625,703
Increase in prepayments	91,010	(31,860)
Decrease/(increase) in receivables and security deposits	-	(178,003)
Increase in employee benefits	25,246	33,884
Other	-	230,930
<b>Net Cash (used in)/from Operating Activities</b>	<b>(2,810,309)</b>	<b>415,748</b>
<b>INVESTING ACTIVITIES</b>		
Plant & Equipment purchases	(57,926)	(4,741)
Proceeds from the sale of Plant & Equipment	16,800	-
Sale of financial assets	-	195,000
Purchase of IML shares	(154,000)	-
Deferred exploration expenditures	(1,021,644)	(2,849,608)
<b>Net Cash used in Investing Activities</b>	<b>(1,216,770)</b>	<b>(2,659,349)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	7,500,000	1,940,272
Share issuance costs	(515,133)	-
Payments for lease liabilities	(21,807)	-
Repayment of borrowings	(1,000,000)	-
<b>Net Cash provided by (used in) Financing Activities</b>	<b>5,963,060</b>	<b>1,940,272</b>
Change in cash and cash equivalents during period	1,935,981	(303,329)
Cash and cash equivalents, beginning of period	1,625,572	5,018,170
<b>Cash and cash equivalents, end of period*</b>	<b>3,561,553</b>	<b>4,714,841</b>

**Supplemental disclosures with respect to cash flows** (Note 10)

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)

(Unaudited)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Macarthur Minerals Limited is an Australian public company listed in Canada on the TSX Venture Exchange ("TSX-V") (symbol: MMS), Australian Securities Exchange ("ASX") (symbol: MIO) and OTCQB Venture Market ("OTCQB") (symbol: MMSDF). The Company has three iron ore projects in the Yilgarn region of Western Australia. The Company also has two exploration project areas in the Pilbara, Western Australia targeting iron ore. In addition, Macarthur Minerals has lithium brine interests in the Railroad Valley, Nevada, USA.

As at September 30, 2022, the Company has the following subsidiaries (collectively referred to as the "Group"):

- 100% of Macarthur Australia Limited, which holds the following 100% subsidiaries:
- 100% of Macarthur Iron Ore Pty Ltd ("Macarthur Iron Ore" or "MIO") which owns the 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 (previously Bachelor Project Pty Ltd) (a dormant subsidiary); and
- 100% of Macarthur Bulk Handling Pty Ltd and its 100% subsidiary, Macarthur Tulshyan Pty Ltd.

There was no change in the nature of the Company's principal activities during the period. On January 1, 2022, Infinity Mining Limited ("IML") exited the Macarthur Minerals Consolidated Group and, effective from financial year end March 31, 2022, IML was accounted for as an associate of Macarthur Minerals Group. IML, following its own successful IPO on November 19, 2021, was separately listed on the ASX on December 20, 2021. The carrying value of the Company investment in Infinity Mining Limited as at September 30, 2022 was \$3,951,486, representing its holding of 23,562,422 shares at market value at reporting date.

The Company maintained its corporate head office and principal place of business at G03, 555 Coronation Drive, Toowong, Queensland 4066, Australia until May 10, 2022 when it moved to Suite 1G, Building 1, Kings Row Office Park, 40 McDougall Street, Milton QLD 4064, Australia.

**2. BASIS OF PRESENTATION**

These general-purpose interim consolidated financial statements for the half-year reporting period ended September 30, 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for 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 March 31, 2022, together with any public announcements made during the following half-year.

These condensed interim consolidated financial statements were authorised by the Board of Directors of the Company on November 14, 2022.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies, including new accounting standards and interpretations, followed by the Company are set out in Note 2 to the audited financial statements for the year ended March 31, 2022, and have been consistently followed in the preparation of these condensed interim consolidated financial statements.

**MACARTHUR MINERALS LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Australian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022

**4. PLANT AND EQUIPMENT**

	<b>Plant &amp; Equipment \$</b>	<b>Office Equipment \$</b>	<b>Motor Vehicles \$</b>	<b>Total \$</b>
<b>Year ended March 31, 2022</b>				
Opening net book value	711	6,556	42,649	49,916
Additions	3,646	20,038	-	23,684
Disposals	-	-	(19,425)	(19,425)
Depreciation charge	(711)	(4,345)	(8,387)	(13,443)
Closing net book amount	3,646	22,249	14,837	40,732
<b>At March 31, 2022</b>				
Cost	659,027	422,898	39,900	1,121,825
Transfers	-	-	-	-
Accumulated depreciation and impairment	(655,381)	(400,649)	(25,063)	(1,081,093)
Net book amount	3,646	22,249	14,837	40,732
<b>Six months ended September 30, 2022</b>				
Opening net book value	3,646	22,249	14,837	40,732
Additions	1,700	47,065	-	48,765
Disposals	-	-	(16,800)	(16,800)
Transfers	-	-	9,161	9,161
Depreciation charge	-	(5,091)	(3,150)	(8,241)
Closing net book amount	5,346	64,223	4,048	73,617
<b>At September 30, 2022</b>				
Cost or fair value	660,727	469,963	32,261	1,162,951
Accumulated depreciation	(655,381)	(405,740)	(28,213)	(1,089,334)
Net book amount	5,346	64,223	4,048	73,617

**5. 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 September 30, 2022, the Company held 100% of the outstanding and issued share capital of Macarthur Australia. Macarthur Australia's wholly owned subsidiary MIO holds assets which include the Iron Ore Projects. 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 \$1,021,644 was capitalised during the period ended September 30, 2022, as per table below.



## 5. EXPLORATION AND EVALUATION ASSETS (Cont'd)

### Exploration and evaluation expenditure

#### *Interim Expenditure*

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

	Acquisition Costs	Exploration Costs	Total
	\$	\$	\$
<b>Balance as at March 31, 2021</b>	<b>4,010,636</b>	<b>63,502,909</b>	<b>67,513,545</b>
<b>Incurred during the year</b>			
Accommodation and camp maintenance	-	43,499	43,499
Other	-	11,372	11,372
Personnel and Contractors	-	265,765	265,765
Rent and rates	-	265,036	265,036
Research and reports	-	5,068,458	5,068,458
Sampling and testing	-	9,640	9,640
Tenement acquisitions	-	(178,590)	(178,590)
Tenement management and outlays	-	1,482	1,482
Travel	-	7,114	7,114
Vehicle hire	-	24,433	24,433
	-	<b>5,518,209</b>	<b>5,518,209</b>
<b>Balance as at March 31, 2022</b>	<b>4,010,636</b>	<b>69,021,118</b>	<b>73,031,754</b>
<b>Incurred during the period</b>			
Accommodation and camp maintenance	-	26,580	26,580
Other	-	134,384	134,384
Personnel and Contractors	-	138,966	138,966
Rent and rates	-	108,407	108,407
Research and reports	-	580,579	580,579
Sampling and testing	-	4,258	4,258
Tenement management and outlays	-	14,107	14,107
Travel	-	1,506	1,506
Vehicle hire	-	12,857	12,857
	-	<b>1,021,644</b>	<b>1,021,644</b>
<b>Balance as at September 30, 2022</b>	<b>4,010,636</b>	<b>70,042,762</b>	<b>74,053,398</b>

All capitalised exploration costs represent costs incurred during the exploration and evaluation phase.

**MACARTHUR MINERALS LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Australian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022

**5. EXPLORATION AND EVALUATION ASSETS (Cont'd)*****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 in the tenement documents. 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:

	<b>September 30, 2022</b>	March 31, 2022
	\$	\$
Not later than one year	<b>1,024,533</b>	980,663
Later than one year but not later than five years	<b>3,815,726</b>	3,674,506
	<b>4,840,259</b>	4,655,169

For the 12-month period ending September 30, 2023, 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 capitalised to exploration and evaluation assets for those tenements.

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

	<b>September 30, 2022</b>	March 31, 2022
	\$	\$
Not later than one year	<b>450,471</b>	407,205
Later than one year but not later than five years	<b>3,815,726</b>	3,674,506
	<b>4,266,197</b>	4,081,711

**MACARTHUR MINERALS LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Australian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022

**6. CONTRIBUTED EQUITY****Ordinary Shares***Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

	September 30, 2022 \$	March 31, 2022 \$
<i>Ordinary shares</i>		
Issued and fully paid	<b>127,704,354</b>	121,772,352
	<b>Number</b>	<b>Number</b>
<i>Number of shares on issue</i>	<b>166,653,488</b>	146,253,488

	September 30, 2022	March 31, 2022
At the beginning of the reporting period	<b>146,253,488</b>	139,614,135
Shares Issued during the period:		
April 8, 2022 (AUD\$0.50 per share)	<b>15,000,000</b>	-
Bonus shares	<b>4,400,000</b>	-
Exercise of options and warrants	-	6,639,353
At the end of the reporting period	<b>165,653,488</b>	146,253,488

**Reserves**

	Share Based Payments Reserve \$	Financial Asset Revaluation Reserve \$	Share Capital Reserve \$	Total \$
As at April 1, 2021	6,142,313	720,000	186,757	7,049,070
Fair value loss on financial assets	-	68,333	-	68,333
Cost of share-based payments	576,294	-	-	576,294
As at March 31, 2022	6,718,607	788,333	186,757	7,693,697
Cost of share-based payments	<b>2,674,022</b>	-	-	<b>2,674,022</b>
As at September 30, 2022	<b>9,392,629</b>	<b>788,333</b>	<b>186,757</b>	<b>10,367,719</b>

## **6. CONTRIBUTED EQUITY (Cont'd)**

### *Share-based payment reserve*

The Group has issued share options, rights and warrants on specified terms. The cost of these items is measured by reference to their fair value at the date at which they are granted and expensed over the vesting period. The fair value is determined using Option valuation models.

### *Financial Asset Revaluation Reserve*

The financial asset revaluation reserve records revaluations of financial assets.

### *Share Capital Reserve*

The share capital reserve records the residual value of contributed equity after deducting the fair value of the common shares issued.

## **Share Compensation Plans**

The Company, in accordance with the Company's Omnibus, Employee and Consultant Share Compensation Plans ("Plans") and the policies of the TSX-V and ASX, is authorised 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 August 3, 2022, being 165,653,488 Common Shares. The Plans were approved on August 31, 2022 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**

The exercise price of the Options is fixed by the Board at no lesser 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.

**MACARTHUR MINERALS LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Australian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022

**6. CONTRIBUTED EQUITY (Cont'd)****Share Options – Employees and Consultants**

Share option transactions issued to employees and consultants and the number of share options outstanding are summarized as follows:

	Six months ended September 30, 2022		Year ended March 31, 2022	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	3,000,000	\$0.28 (CAD\$0.26)	5,035,000	\$0.27 (CAD\$0.25)
Granted	500,000	\$0.65 (CAD\$0.58)	500,000	\$0.85 (CAD\$0.80)
Expired	-	-	(30,000)	\$0.19 (CAD\$0.20)
Forfeited	-	-	(911,797)	\$0.21 (CAD\$0.20)
Exercised**	(500,000)	\$0.27 (CAD\$0.24)	(1,593,203)	\$0.20 (CAD\$0.19)
Outstanding, end of period	3,000,000	\$0.50 (CAD\$0.44)	3,000,000	\$0.28 (CAD\$0.26)
Options exercisable, end of period	3,000,000	\$0.50 (CAD\$0.44)	3,000,000	\$0.28 (CAD\$0.26)

\*\* The value of the 500,000 options exercised were accounted for in the 31 March 2022 Financial Statements in the Consolidated Statement of Changes in Equity.

Share options for employees and consultants outstanding at September 30, 2022 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
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\$0.32	31 Dec 2022
500,000	CAD\$0.80	11 Dec 2022
500,000	AUD\$0.65	25 May 2024

The range of exercise prices for options outstanding at September 30, 2022 is CAD\$0.30 to CAD\$0.80.

The weighted average remaining contractual life for the share options as at September 30, 2022 is 0.48 years.

Since September 30, 2022, 1,300,000 Options have been issued.

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**6. CONTRIBUTED EQUITY (Cont'd)****Share Options – Private Placement**

Option 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:

	<b>Six months ended September 30, 2022</b>		<b>Year ended March 31, 2022</b>	
	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Outstanding, beginning of period	<b>12,862,618</b>	<b>AUD\$0.88</b>	12,862,618	AUD\$0.88
Granted	<b>17,000,000</b>	<b>AUD\$0.65</b>	-	-
Expired	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding, end of period	<b>29,862,618</b>	<b>AUD\$0.75</b>	12,862,618	AUD\$0.88
Options exercisable, end of period	<b>29,862,618</b>	<b>AUD\$0.75</b>	12,862,618	AUD\$0.88

**Share Options – Private Placement**

Share options under private placement outstanding at September 30, 2022 have the following exercise prices and expiry dates:

<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
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
17,000,000	AUD\$0.65	8 April 2024

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

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

	<b>Six months ended September 30, 2022</b>		<b>Year ended March 31, 2022</b>	
	<b>Number of RSUs</b>	<b>Weighted Average Exercise Price</b>	<b>Number of RSUs</b>	<b>Weighted Average Exercise Price</b>
Outstanding, beginning of period	<b>7,082,500</b>	<b>\$0.87 (CAD\$0.82)</b>	3,282,500	\$0.72 (CAD\$0.68)
Granted	-	-	5,600,000	\$0.96 (CAD\$0.90)
Vested	-	-	-	-
Forfeited	-	-	(1,800,000)	\$0.90 (CAD\$0.84)
Expired	-	-	-	-
Outstanding, end of period	<b>7,082,500</b>	<b>\$0.92 (CAD\$0.82)</b>	7,082,500	\$0.87 (CAD\$0.82)

RSUs outstanding at September 30, 2022 have the following vesting prices and expiry dates:

<b>Number of RSUs</b>	<b>Vesting Price</b>	<b>Expiry Date</b>
1,000,000	CAD\$0.65	8 Dec 2023
1,732,500	CAD\$0.70	19 Jan 2024
4,350,000	CAD\$0.90	11 Jun 2024

The weighted average remaining contractual life for the RSUs as at September 30, 2022 is 1.53 years.

Since September 30, 2022, 137,500 RSU's have been forfeited.

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

Warrants relating to rights issues and private placements at the beginning of the period totaled 4,101,275. No warrants were granted during the period ended September 30, 2022. 3,029,375 warrants expired during the period ended September 30, 2022.

Warrant transactions and the number of warrants outstanding and their related weighted average exercise prices are summarised as follows:

	Six months ended September 30, 2022		Year ended March 31, 2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	4,101,275	\$0.43 (CAD\$0.40)	25,777,188	\$0.55 (CAD\$0.52)
Granted	-	-	-	-
Forfeited	-	-	-	-
Expired	(3,029,375)	\$0.45 (CAD\$0.40)	(17,129,763)	\$0.62 (CAD\$0.59)
Exercised	-	-	(4,546,150)	\$0.43 (CAD\$0.40)
Outstanding, end of period	1,071,900	\$0.45 (CAD\$0.40)	4,101,275	\$0.43 (CAD\$0.40)
Warrants exercisable, end of period	1,071,900	\$0.45 (CAD\$0.40)	4,101,275	\$0.43 (CAD\$0.40)

Warrants outstanding at September 30, 2022, have the following exercise prices and expiry dates:

Number of warrants	Exercise Price	Expiry Date
867,291	CAD\$0.40	1 Oct 2022
204,609	CAD\$0.40	3 Nov 2022

The weighted average remaining contractual life for the warrants as at September 30, 2022 is 0.70 years.

**Warrant Liability**

During the period ended September 30, 2022, 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 recognised 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 September 30, 2022, the Company had 1,071,900 (March 31, 2022 – 4,101,275) warrants outstanding, which are classified and accounted for as a financial liability. The Company recognised a gain of \$520,350 (September 30, 2021 – gain of \$2,842,877) from changes in the fair value of the warrant liability. The value of warrant liability as at September 30, 2022 is \$nil (March 31, 2022 – \$520,350).



## 6. CONTRIBUTED EQUITY (cont'd)

### *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 October 13, 2020.

## 7. 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 Condensed Interim Statement of Profit and Loss and Comprehensive Income/(Loss) and a corresponding amount is recorded to reserves. Upon exercise the fair value of the options is re-classified from reserves to contributed equity. Refer to Note 6 for details of options.

## 8. RELATED PARTY TRANSACTIONS

### *Interests in subsidiaries*

The consolidated financial statements include the financial statements of Macarthur Minerals Limited and the subsidiaries listed in the following table:

Name	Country of Incorporation	% Equity Interest	
		September 30, 2022	September 30, 2021
Esperance Iron Ore Export Company Pty Ltd	Australia	100	100
Macarthur Iron Ore Pty Ltd	Australia	100	100
Macarthur Bulk Handling Pty Ltd	Australia	100	100
Macarthur Tulshyan Pty Ltd	Australia	100	100
Macarthur Marble Bar Lithium Pty Ltd	Australia	100	100
Macarthur Australia Limited	Australia	100	100
Macarthur Lithium Nevada Limited	U.S.A	100	100

The Company'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. There are no significant restrictions on the Company's ability to access or use assets, and settle liabilities, of the Group.

Balances and transactions between the Company and its wholly owned subsidiaries have been eliminated upon consolidation. Macarthur Minerals Limited is the ultimate parent entity for all entities.

## 8. RELATED PARTY TRANSACTIONS (Cont'd)

### *Interests in Associates*

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material (IML) to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		September 30, 2022	September 30, 2021
		%	%
Infinity Mining Limited (IML)	Australia	21.57	100*

*\*As at September 30, 2021, the company held 100% ownership in Macarthur Lithium Pty Ltd (renamed later to Infinity Mining Limited – refer to Note 14 for further details).*

### *Transactions with associate*

The following transactions occurred with associate:

	Consolidated 2022	2021
	\$	\$
Receipts for goods and services:		
Costs recoveries for services to associate	79,491*	-

*\*Includes \$323,704 reversal of FY2022 charges*

### *Receivable from associate*

The following balances are owing at the reporting date in relation to transactions with associate:

Balance owed from associate at year end	64,706	-
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### **Other transactions with key management personnel**

A number of key management personnel, or close members of their family, hold positions in other entities that result in them having significant influence over those entities for the purposes of IAS 24. Where transactions are entered into with those entities the terms and conditions are no more favourable than those that it is reasonable to expect the entity would have adopted if dealing on an arm's length basis. The Company did not enter into any transactions with entities over which key management personnel have significant influence during the period and the corresponding prior period.

## 9. TAX CONSOLIDATION

Macarthur Minerals and its wholly owned Australian subsidiaries are members of an Australian Income Tax Consolidated Group.

## 10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	Six months ended September 30, 2022	Six months ended September 30, 2021
Cash paid during the period for interest	<u>8,289</u>	<u>5,584</u>

## 11. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition, exploration and development of mineral properties in Australia. All of the Company's exploration and evaluation assets and plant and equipment are located in Australia.

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**12. FINANCIAL INSTRUMENTS****Credit Risk**

The Company's primary exposure to credit risk is on its cash and cash equivalents. The Company limits its exposure to credit risk by maintaining its financial liquid assets with high-credit quality financial institutions. The Company will trade only with recognised, creditworthy third parties. Credit verification procedures will be carried out when deemed necessary and receivable balances will be monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

*Exposure to credit risk*

The carrying amount of the Company's financial assets represents the maximum credit exposure. This amount consists of Cash and cash equivalents of \$3,561,553 (March 31, 2022: \$1,625,572), Other receivables of \$104,762 (March 31, 2022: \$127,090) and Security Deposits of \$35,397 (March 31, 2022: \$56,642).

The Company's receivables exclude current outstanding taxation payments recoverable from the Australian Government. These statutory amounts are excluded under Accounting Standards in the above analysis. The Company's maximum exposure to credit risk at the reporting date by geographic region was:

	September 30, 2022 \$	September 30, 2021 \$
Australia	3,154,721	4,376,447
Canada	546,991	1,368,697
	<b>3,701,712</b>	<b>5,745,173</b>

**Currency Risk**

The Company's consolidated financial statements can be affected by movements in the CAD\$/USD\$ exchange rate, due to some administrative expenses and liabilities being incurred in other than in \$AUD is being the functional currency of the Company.

*Exposure to currency risk*

The Company's exposure to foreign currency risk at the reporting date was as follows:

	AUD \$	CAD \$	USD \$	AUD \$	CAD \$	USD \$
	September 30, 2022			March 31, 2022		
Cash and cash equivalents	3,014,562	546,162	829	839,128	634,363	152,081
Receivables	104,762	-	-	127,090	-	-
Security Deposits	35,397	-	-	56,642	-	-
	<b>3,154,720</b>	<b>546,162</b>	<b>829</b>	<b>1,022,860</b>	<b>634,363</b>	<b>152,081</b>
Trade and other payables	392,156	63,138	30	1,116,688	48,228	8,103
Employee Benefits	170,020	-	-	144,774	-	-
Warrant liability	-	-	-	-	520,350	-
Loan - Other	-	-	-	1,000,000	-	-
Lease liability	180,759	-	-	-	-	-
	<b>742,935</b>	<b>63,138</b>	<b>30</b>	<b>2,261,462</b>	<b>568,578</b>	<b>8,103</b>
Net exposure	<b>2,411,785</b>	<b>483,024</b>	<b>799</b>	<b>(1,238,602)</b>	<b>65,785</b>	<b>143,978</b>

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**12. FINANCIAL INSTRUMENTS (Cont'd)***Sensitivity analysis*

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and exchange rates. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	<b>September 30, 2022</b>		<b>March 31, 2022</b>	
	<b>Profit</b>	<b>Equity</b>	<b>Profit</b>	<b>Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
+/-2% in interest rates	<b>+/- \$71,939</b>	<b>+/- 71,939</b>	<b>+/\$33,644</b>	<b>+/\$33,644</b>
+/-5% in \$AUD/\$CAD	<b>+/- \$24,151</b>	<b>+/- \$24,151</b>	<b>+/- \$3,289</b>	<b>+/- \$3,289</b>
+/-5% in \$AUD/\$US	<b>+/- \$40</b>	<b>+/- \$40</b>	<b>+/- \$7,199</b>	<b>+/- \$7,199</b>
+/-10% in listed investments	<b>Nil</b>	<b>Nil</b>	<b>+/- \$Nil</b>	<b>+/- \$Nil</b>

**Interest rate risk**

The Company's cash equivalents are highly liquid and earn interest at market rates. Due to the short-term nature of these financial instruments, fluctuations in market interest rates do not have a significant impact on the fair values of these financial instruments. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	<b>September 30, 2022</b>	<b>March 31, 2022</b>
	<b>\$</b>	<b>\$</b>
<b>Interest-bearing financial instruments</b>		
Financial assets	<b>3,596,950</b>	<b>1,682,214</b>
Financial assets are comprised of:		
Cash and cash equivalents	<b>3,561,553</b>	<b>1,625,572</b>
Security deposits	<b>35,397</b>	<b>56,642</b>
	<b>3,596,950</b>	<b>1,682,214</b>

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates on the above interest-bearing financial instruments at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022.

	<b>Profit or loss</b>		<b>Equity</b>	
	<b>100bp increase</b>	<b>100bp decrease</b>	<b>100bp increase</b>	<b>100bp decrease</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>September 30, 2022</b>				
Interest-bearing financial instruments	<b>35,970</b>	<b>(35,970)</b>	<b>35,970</b>	<b>(35,970)</b>
<b>March 31, 2022</b>				
Interest-bearing financial instruments	<b>16,822</b>	<b>(16,822)</b>	<b>16,822</b>	<b>(16,822)</b>

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**13. CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of resource properties. The Board of Directors do not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In the management of capital, the Company includes shareholders' equity. The properties in which the Company currently has an interest are in the exploration and development stage, as such the Company is dependent on external financing to fund activities. In order to carry out planned exploration, conduct studies and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

In addition to its lithium and iron ore exploration and evaluation activities, the Company will continue to assess new properties and seek to acquire an interest in additional properties if there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended September 30, 2022. The Company is not subject to externally imposed capital requirements.

**14. SALE OF INTEREST IN SUBSIDIARY**

In January 2022, Infinity Mining Limited ("IML") departed the Consolidated Group, as a result of a spinout of its Pilbara assets which following its own successful IPO on November 19, 2021 and were separately admitted to the Official list of ASX on December 20, 2021 and commenced trading on December 22, 2021 (ASX: IMI). The Group now has a 21.57% interest in Infinity Mining Limited. Management has eliminated from the results the balances of items as disclosed below which were before IML departed the Group.

***Subsidiary's loss for the period before disposal:***

	September 30, 2021 \$
Administrative expense	92,596
<b>Loss for the period</b>	<b>92,596</b>

***Net assets disposed of:***

	March 31, 2022 \$
Cash	(14,279)
Prepayments and other receivables	(135,315)
Exploration and evaluation assets	(112,601)
Plant and equipment	(3,924)
GST	(152,301)
Payables	439,687
Loans between related companies	310,905
<b>Net assets</b>	<b>332,172</b>

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**14. SALE OF INTEREST IN SUBSIDIARY (Cont'd)***Details of the disposal:*

	<b>March 31, 2022</b>
Total sale consideration	4,512,484
Carrying amount of net assets disposed	332,172
Adjusting corrections	<u>(316,739)</u>
Gain on disposal before income tax	<u>4,527,917</u>

**15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

During the period ended September 30, 2022, the Group acquired 1,000,000 (\$154,000) shares in Infinity Mining Limited (IML). The Group has a 21.57% interest in Infinity Mining Limited (IML) as at September 30, 2022. The Group's interest in IML is accounted for using the equity method in the consolidated financial statements.

The following table illustrates the summarised financial information of the Group's investment in IML:

	<b>September 30, 2022</b>	<b>March 31, 2022</b>
	<b>\$</b>	<b>\$</b>
Current Assets	6,291,681	8,314,888
Non-Current Assets	10,531,925	9,340,642
Current Liabilities	(503,287)	(140,029)
Non-Current Liabilities	83,778	(47,282)
Equity	<u>16,404,097</u>	<u>17,468,219</u>
Group's share in equity – 21.57% (Mar 31, 2022: 20.74%)	3,538,364	3,622,909
Reversal of impairment	896,550	-
Share of loss in associate	(483,428)	-
Fair value adjustment for remaining interest	<u>-</u>	<u>(238,545)</u>
<b>Group's carrying amount of the investment</b>	<u><b>3,951,486</b></u>	<u><b>3,384,364</b></u>
Other Income	42,010	1,133
Administrative expenses	(931,356)	(427,675)
Share based payments	(1,351,860)	(690,000)
Loss for the period (continuing operations)	<u>(2,241,206)</u>	<u>(1,116,542)</u>
<b>Group's share of loss for the period – 21.57% (Mar 31, 2022: 20.74%)</b>	<u><b>(483,428)</b></u>	<u><b>(231,571)</b></u>

The associate had no contingent liabilities or capital commitments as at September 30, 2022.

**16. CONTINGENT LIABILITIES****a) Security Bonds**

The Company has a contingent liability of \$35,397 for bank guarantees issued for office leasing arrangements in Brisbane and corporate credit cards.

**17. LOANS**

During February 2022, the Company entered into an unsecured loan arrangement with a third party for the amount of \$1,000,000 at an annualised percentage rate (APR) of 7.00% interest. The Company repaid this loan in April 2022.

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**18. SUBSEQUENT EVENTS****a) Share Based compensation**

Since September 30, 2022 and up to the date of this report, 137,500 RSUs forfeited and 1,300,000 performance based stock options ("Options") granted to acquire common shares of the Company pursuant to the terms of the Company's Share Compensation Plans, of which 500,000 granted to a director of the Company with an exercise price of A\$0.40 and expire three years from the date of issue, 650,000 options granted to employees with an exercise price of A\$0.45 and expire two years from the date of issue and the remaining 150,000 options granted to a consultant with an exercise price of A\$0.50 and expire 24 months from the date of issue.

**b) Warrants**

867,291 warrants and 204,609 warrants issued in connection with convertible notes completed by the Company in October 2019, expired on October 1, 2022 and November 3, 2022.

**c) Options**

Since September 30, 2022 and up to the date of this report, a total of 12,862,618 options issued under the private placement completed in October 2020, expired on October 26, 2022, November 2, 2022 and November 12, 2022.