



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – prepared by Management)

For the Six months ended September 30, 2019

All amounts are in Australian dollars unless otherwise stated

Condensed Interim Consolidated Financial Statements – September 30, 2019

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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 authorized for issue by the directors on November 29, 2019. 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 STATEMENTS OF FINANCIAL POSITION
(Expressed in Australian Dollars)
(Unaudited)
AS AT

| | September 30, 2019 | March 31, 2019 |
|--|-----------------------|-------------------|
| | \$ | \$ |
| ASSETS | | |
| Current | | |
| Cash and cash equivalents | 4,594,638 | 318,028 |
| Receivables | 193,794 | 49,898 |
| Security deposits and prepayments | 1,149,760 | 55,750 |
| Total current assets | 5,938,192 | 423,676 |
| Non-Current | | |
| Plant and equipment (Note 4) | 63,826 | 15,667 |
| Right of use asset (Note 14) | 412,250 | - |
| Investment in FE Ltd (Note 16) | 400,000 | - |
| Exploration and evaluation assets (Note 5) | 64,063,960 | 62,993,644 |
| Total non-current assets | 64,940,036 | 63,009,311 |
| Total assets | 70,878,228 | 63,432,987 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | 904,602 | 364,667 |
| Employee benefits | 60,950 | 42,779 |
| Warrant liability (Note 6) | 687,419 | 2,579,901 |
| Total current liabilities | 1,652,971 | 2,987,347 |
| Non-Current | | |
| Accounts payable and accrued liabilities | - | - |
| Lease liability (Note 14) | 425,558 | - |
| Employee benefits | 26,323 | 18,807 |
| Convertible Notes (Note 14) | 7,112,369 | - |
| Total non-current liabilities | 7,564,250 | 18,807 |
| Total liabilities | 9,217,221 | 3,006,154 |
| Net assets | 61,661,007 | 60,426,833 |
| SHAREHOLDERS' EQUITY | | |
| Contributed equity (Note 6) | 100,126,231 | 99,671,850 |
| Reserves | 4,877,197 | 4,539,151 |
| Deficit | (43,342,421) | (43,784,168) |
| Total shareholders' equity | 61,661,007 | 60,426,833 |

Nature and continuance of operations (Note 1)
Commitments (Note 14)

Contingent liabilities (Note 15)
Subsequent events (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 STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE PROFIT(LOSS)**

(Expressed in Australian Dollars)

(Unaudited)

| | Three months ended September 30, 2019 \$ | Three months ended September 30, 2018 \$ | Six months ended September 30, 2019 \$ | Six months ended September 30, 2018 \$ |
|---|---|--|---|--|
| EXPENSES | | | | |
| Depreciation (Note 4) | (5,734) | (696) | (11,166) | (9,453) |
| Investor relations | (2,735) | - | (10,727) | - |
| Office and general | (117,693) | (162,147) | (183,446) | (246,370) |
| Personnel fees ^[1] | 628,113 | (155,280) | (511,853) | (327,474) |
| Professional fees | (214,792) | (63,747) | (371,271) | (236,539) |
| Rent | (21,486) | (31,948) | (56,292) | (53,867) |
| Share-based compensation | (645,347) | - | (645,347) | - |
| Share registry, filing and listing fees | (110,520) | (33,190) | (119,518) | (50,833) |
| Travel and accommodation | (24,124) | (38,666) | (41,817) | (47,266) |
| Total Administrative Expenses | (514,318) | (485,674) | (1,951,437) | (971,802) |
| REVENUE | | | | |
| Interest Income | 348 | 83 | 702 | 1,083 |
| Other Income (Note 16) | 400,000 | 31,101 | 500,000 | 31,101 |
| Gain on sale of asset | - | - | - | - |
| Change in fair value of warrant liability | 1,162,071 | - | 1,892,482 | - |
| Net profit/(loss) and comprehensive profit/(loss) for the period | 1,048,101 | (454,490) | 441,747 | (939,618) |
| Basic and diluted profit/(loss) per ordinary share | 0.004 | (0.002) | 0.0015 | (0.005) |
| Basic and diluted weighted average number of ordinary shares outstanding | 275,980,235 | 189,342,701 | 290,340,539 | 188,957,524 |

^[1] Includes reversal adjustment to RSU's vested (Refer to Note 6) of \$922,900.

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

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

(Expressed in Australian Dollars) (Unaudited)

| | Number of Shares # | Contributed Equity \$ | Deficit \$ | Reserves \$ | Total Equity \$ |
|--------------------------------------|--------------------------|-----------------------------|---------------------|------------------|--------------------|
| Balance at April 1, 2018 | 242,301,414 | 97,905,030 | (94,901,383) | 4,125,426 | 7,129,073 |
| Net loss for the period | - | - | (939,618) | - | (939,618) |
| Share-based payment transactions | - | - | - | - | - |
| Private placement | 14,252,400 | 379,114 | - | - | 379,114 |
| Rights Offering | - | - | - | - | - |
| Exercise of options and warrants | - | - | - | - | - |
| Share issuance costs | - | 645 | - | - | 645 |
| Balance at September 30, 2018 | 256,553,814 | 98,284,789 | (95,841,001) | 4,125,426 | 6,569,214 |
| Balance at April 1, 2018 | 242,301,414 | 97,905,030 | (94,901,383) | 4,125,426 | 7,129,073 |
| Net loss for the year | - | - | 51,117,215 | - | 51,117,215 |
| Share-based payment transactions | - | - | - | 413,725 | 413,725 |
| Private placement | 62,634,870 | 1,761,718 | - | - | 1,761,718 |
| Exercise of options | 230,000 | 12,035 | - | - | 12,035 |
| Share issuance costs | - | (6,933) | - | - | (6,933) |
| Balance at March 31, 2019 | 305,166,284 | 99,671,850 | (43,784,168) | 4,539,151 | 60,426,833 |
| Balance at April 1, 2019 | - | - | - | - | - |
| Net profit/(loss) for the period | - | - | 441,747 | - | 441,747 |
| Share-based payment transactions | - | - | - | 338,046 | 338,046 |
| Private placement | 11,617,341 | 343,587 | - | - | 343,587 |
| Exercise of options and warrants | 5,250,000 | 313,376 | - | - | 313,376 |
| Share issuance costs | - | (202,582) | - | - | (202,582) |
| Balance at September 30, 2019 | 322,033,625 | 100,126,231 | (43,342,421) | 4,877,197 | 61,661,007 |

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, 2019 | Six months ended September 30, 2018 |
|---|--|--|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Net profit/(loss) for the period | 441,747 | (939,618) |
| <i>Items not involving cash:</i> | | |
| Depreciation | 11,166 | 9,453 |
| Change in fair value of warrant liability (Note 6) | (1,892,482) | - |
| Share-based compensation | 645,347 | - |
| Option fee income | (400,000) | - |
| <i>Changes in non-cash working capital balances:</i> | | |
| Accounts payable and accrued liabilities | 578,930 | (125,353) |
| Security deposits and prepayments | (1,094,010) | (3,289) |
| Receivables | (143,896) | 33,671 |
| Net Cash used in Operating Activities | (1,853,198) | (1,025,136) |
| INVESTING ACTIVITIES | | |
| Government recoveries | - | 2,045 |
| Plant & Equipment purchases | (59,325) | - |
| Deferred exploration expenditures | (1,070,316) | (435,110) |
| Net Cash used in Investing Activities | (1,129,641) | (433,065) |
| FINANCING ACTIVITIES | | |
| Proceeds from issuance of shares/exercise of options & warrants | 656,963 | 379,114 |
| Non-cash adjustment (RSU's revaluation) | (307,301) | - |
| Convertible Notes Liability | 7,112,369 | - |
| Share issue and placement costs | (202,582) | 645 |
| Net Cash provided by (used in) Financing Activities | 7,259,449 | 379,759 |
| Change in cash and cash equivalents during period | 4,276,610 | (1,078,442) |
| Cash and cash equivalents, beginning of period | 318,028 | 1,370,288 |
| Cash and cash equivalents, end of period | 4,594,638 | 291,846 |

Supplemental disclosures with respect to cash flows (Note 10)

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

1. 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) and OTC Markets (“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 September 30, 2019, the Company has the following subsidiaries (who are collectively the “Group”):

- 100% of Macarthur Australia Limited, which holds the following 100% subsidiaries:
 - 100% of 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.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements are unaudited and have been prepared in accordance with International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with IFRS issued by the International Accounting Standards Board. These condensed interim financial statements follow the same accounting policies and methods of computation as the Company’s audited consolidated financial statements for the year ended March 31, 2019.

The condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended March 31, 2019.

These condensed interim consolidated financial statements were authorized by the Board of Directors of the Company on November 29, 2019.

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies, refer to Note 3.

In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these condensed interim consolidated financial statements are in accordance with IFRS and have not been audited. The preparation of interim consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

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, 2019, 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, 2019

4. PLANT AND EQUIPMENT

| | Plant & Equipment | Motor Vehicles | Office Equipment | Total |
|--|----------------------------------|---------------------------|-----------------------------|----------------------|
| | \$ | \$ | \$ | \$ |
| Year ended March 31, 2019 | | | | |
| Opening net book value | 30,051 | - | 18,822 | 48,873 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| Depreciation charge | (24,742) | - | (8,464) | (33,206) |
| Closing net book amount | <u>5,309</u> | <u>-</u> | <u>10,358</u> | <u>15,667</u> |
| At March 31, 2019 | | | | |
| Cost or fair value | 656,028 | - | 395,167 | 1,051,195 |
| Accumulated depreciation | (650,719) | - | (384,809) | (1,035,528) |
| Net book amount | <u>5,309</u> | <u>-</u> | <u>10,358</u> | <u>15,667</u> |
| Six months ended September 30, 2019 | | | | |
| Opening net book value | 5,309 | - | 10,358 | 15,667 |
| Additions | - | 59,325 | - | 59,325 |
| Disposals | - | - | - | - |
| Transfers | - | - | - | - |
| Depreciation charge | (5,309) | (4,321) | (1,536) | (11,166) |
| Closing net book amount | <u>-</u> | <u>55,004</u> | <u>8,822</u> | <u>63,826</u> |
| At September 30, 2019 | | | | |
| Cost or fair value | 656,028 | 59,325 | 395,167 | 1,110,520 |
| Accumulated depreciation | (656,028) | (4,321) | (386,345) | (1,046,694) |
| Net book amount | <u>-</u> | <u>55,004</u> | <u>8,822</u> | <u>63,826</u> |

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, 2019 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 \$1,070,316 was capitalised during the period ended September 30, 2019, as per table below.

MACARTHUR MINERALS LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Australian Dollars)
(Unaudited)
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019

5. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Exploration and evaluation expenditure

Interim Expenditure

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

| | Acquisition Costs \$ | Deferred Exploration Costs \$ | Total \$ |
|---|----------------------------|-------------------------------------|-------------------|
| Balance as at March 31, 2018 | 4,010,636 | 2,193,390 | 6,204,026 |
| Accommodation and camp maintenance | - | 15,780 | 15,780 |
| Drilling | - | 78,754 | 78,754 |
| Environmental Surveys | - | - | - |
| Other | - | 27,501 | 27,501 |
| Personnel and Contractors | - | 164,388 | 164,388 |
| Rent and rates | - | 237,987 | 237,987 |
| Research and reports | - | 333,717 | 333,717 |
| Sampling and testing | - | 31,627 | 31,627 |
| Tenement management and outlays | - | 23,231 | 23,231 |
| Travel | - | 8,169 | 8,169 |
| Vehicle hire | - | 18,572 | 18,572 |
| Government Recoveries | - | (2,045) | (2,045) |
| E&E impairment reversal | - | 55,851,937 | 55,851,937 |
| | - | 56,789,618 | 56,789,618 |
| Balance as at March 31, 2019 | 4,010,636 | 58,983,008 | 62,993,644 |
| | Acquisition Costs \$ | Deferred Exploration Costs \$ | Total \$ |
| Incurred during the period | | | |
| Accommodation and camp maintenance | - | 44,705 | 44,705 |
| Environmental Surveys | - | - | - |
| Drilling | - | 446,805 | 446,805 |
| Other | - | 26,278 | 26,278 |
| Personnel and Contractors | - | 93,812 | 93,812 |
| Rent and rates | - | 217,043 | 217,043 |
| Research and reports | - | 207,067 | 207,067 |
| Sampling and testing | - | 936 | 936 |
| Tenement management and outlays | - | 10,193 | 10,193 |
| Travel | - | 6,090 | 6,090 |
| Vehicle hire | - | 17,387 | 17,387 |
| Government Recoveries | - | - | - |
| | - | 1,070,316 | 1,070,316 |
| Balance as at September 30, 2019 | 4,010,636 | 60,053,324 | 64,063,960 |

All capitalised exploration costs represent costs incurred during the exploration and evaluation phase. \$583,822 relates to the Lithium project.

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

(Expressed in Australian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019

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 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:

| | September 30, 2019 | March 31, 2019 |
|---|-----------------------------------|-------------------------|
| | \$ | \$ |
| Not later than one year | 1,184,561 | 1,301,789 |
| Later than one year but not later than five years | 4,381,777 | 4,754,055 |
| | <u>5,566,338</u> | <u>6,055,844</u> |

For the financial year ending March 31, 2020, 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 are payable at future dates as follows:

| | September 30, 2019 | March 31, 2019 |
|---|-----------------------------------|-------------------------|
| | \$ | \$ |
| Not later than one year | 865,961 | 775,489 |
| Later than one year but not later than five years | 4,381,777 | 4,754,055 |
| | <u>5,247,738</u> | <u>5,529,544</u> |

The Company entered into an option agreement with FEL for its lithium and gold tenements in the Pilbara region of Western Australia. The option was exercised on July 2, 2019 and will result in a \$700,206 reduction in expenditure commitments over the coming years.

6. CONTRIBUTED EQUITY**Ordinary Shares**

The Company has authorized ordinary shares with no par value. All issued shares are fully paid and are equally ranked with voting rights.

| | September 30, 2019 | March 31, 2019 |
|--|-------------------------------|-------------------|
| Issued and fully paid ordinary shares: | \$ 100,126,231 | \$ 99,671,850 |
| Number of shares on issue: | 322,033,625 | 305,166,284 |

MACARTHUR MINERALS LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Australian Dollars)
(Unaudited)
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019

6. CONTRIBUTED EQUITY (cont'd)

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

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 common 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 30, 2019, being 321,033,625 Common Shares. Both of the Plans were approved on August 30, 2019 by the shareholders and replace the Company's previous Plans.

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. For further detail on the accounting treatment of share options refer to Note 2 accounting policies of the audited consolidated financial statements for the year ended March 31, 2019.

Share Options

During the six month period ended September 30, 2019, 5,500,000 options were exercised by 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 September 30, 2019 | | Year ended March 31, 2019 | |
|------------------------------------|--|--|------------------------------|--|
| | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Outstanding, beginning of year | 30,715,263 | \$0.06 (CAD\$0.06) | 27,707,009 | \$0.06 (CAD\$0.06) |
| Granted | - | - | 13,620,000 | \$0.05 (CAD\$0.06) |
| Expired | (7,695,263) | \$0.07 (CAD\$0.06) | (230,000) | \$0.05 (CAD\$0.05) |
| Forfeited | (1,000,000) | \$0.11 (CAD\$0.10) | - | - |
| Exercised | (3,100,000) | \$0.06 (CAD\$0.05) | (10,381,746) | \$0.06 (CAD\$0.06) |
| Outstanding, end of period | 18,920,000 | \$0.06 (CAD\$0.06) | 30,715,263 | \$0.06 (CAD\$0.06) |
| Options exercisable, end of period | 18,920,000 | \$0.06 (CAD\$0.05) | 30,715,263 | \$0.06 (CAD\$0.06) |

MACARTHUR MINERALS LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Australian Dollars)
(Unaudited)
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019

6. CONTRIBUTED EQUITY (cont'd)
Share Options (cont'd)

Share options outstanding at September 30, 2019 have the following exercise prices and expiry dates:

| Number of Options | Exercise Price | Expiry Date |
|-------------------|----------------|--------------|
| 1,200,000 | CAD\$ 0.0525 | 21 May 2020* |
| 2,800,000 | CAD\$ 0.060 | 21 May 2020* |
| 4,300,000 | CAD\$0.055 | 19 Feb 2021 |
| 2,620,000 | CAD\$0.050 | 3 Dec 2021 |
| 6,000,000 | CAD\$0.050 | 24 Feb 2022 |
| 2,000,000 | CAD\$0.050 | 21 May 2020* |

The range of exercise prices for options outstanding at September 30, 2019 is CAD\$0.05 to CAD\$0.06.

The weighted average remaining contractual life for the share options as at September 30, 2019 is 1.358 years.

Restricted Share Units

During the six month period ended September 30, 2019, 11,000,000 RSU's vested. An additional 14,000,000 RSU's were granted during the period to employees and directors of the Company. During the six month period ended September 30, 2019, 250,000 RSU's expired.

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

| | Six months ended September 30, 2019 | | Year ended March 31, 2019 | |
|----------------------------------|--|---------------------------------------|------------------------------|---------------------------------------|
| | Number of RSUs | Weighted Average Exercise Price | Number of RSUs | Weighted Average Exercise Price |
| Outstanding, beginning of period | 16,505,882 | \$0.12 (CAD\$0.13) | 5,505,882 | \$0.20 (CAD\$0.20) |
| Granted | 14,000,000 | \$0.09 (CAD\$0.08) | 12,000,000 | \$0.08 (CAD\$0.08) |
| Vested | (11,000,000) | \$0.09 (CAD\$0.08) | - | - |
| Expired | (250,000) | \$0.22 (CAD\$0.20) | (1,000,000) | \$0.08 (CAD\$0.08) |
| Outstanding, end of period | 19,255,882 | \$0.13 (CAD\$0.11) | 16,505,882 | \$0.12 (CAD\$0.13) |

RSUs outstanding at September 30, 2019 have the following vesting prices and expiry dates:

| Number of RSUs | Vesting Price | Expiry Date |
|----------------|---------------|--------------|
| 4,705,882 | CAD\$0.20 | 27 Nov 2020 |
| 550,000 | CAD\$0.20 | 19 Feb 2021 |
| 14,000,000 | CAD\$0.08 | 03 Sept 2022 |

During the period ended June 30, 2019 a total of \$922,900 (2018: \$Nil) was recognised to profit and loss as Personnel costs from RSUs. The vested RSU's were re-valued correctly to the accounts during the period ended September 30, 2019, which resulted in a \$307,301 value.

The weighted average remaining contractual life for the RSUs as at September 30, 2019 is 2.45 years.

MACARTHUR MINERALS LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Australian Dollars)
(Unaudited)
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019

6. CONTRIBUTED EQUITY (cont'd)

Warrants

During the six month period ended September 30, 2019, 280,000 warrants were exercised.

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

| | Six months ended September 30, 2019 | | Year ended March 31, 2019 | |
|--|--|------------------------------------|------------------------------|------------------------------------|
| | Number of Warrants | Weighted Average Exercise Price | Number of Warrants | Weighted Average Exercise Price |
| Outstanding, beginning of year | 86,983,650 | \$0.14 (CAD\$0.14) | 31,712,730 | \$0.20 (CAD\$0.20) |
| Granted | 12,117,500 | \$0.11 (CAD\$0.10) | 55,270,920 | \$0.10 (CAD\$0.10) |
| Forfeited | - | - | - | - |
| Expired | - | - | - | - |
| Exercised | (280,000) | \$0.11 (CAD\$0.10) | - | - |
| Outstanding, end of period | 98,821,150 | \$0.15 (CAD\$0.13) | 86,983,650 | \$0.14 (CAD\$0.14) |
| Warrants exercisable, end of period | 98,821,150 | \$0.15 (CAD\$0.13) | 86,983,650 | \$0.14 (CAD\$0.14) |

Warrant Liability

During the period ended September 30, 2019, the Company granted 12,117,500 warrants (March 31, 2019 – 55,270,920) at price of \$0.11 (CAD\$0.10) per warrant. 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 September 30, 2019, the Company had 98,821,150 (March 31, 2019 – 86,983,650) warrants outstanding, which are classified and accounted for as a financial liability. The Company recognised a profit of \$1,162,071 (March 31, 2019 – loss of \$2,433,415) from changes in the fair value of the warrant liability. The value of warrant liability as at 30 September 2019 is \$687,419.

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 statement of profit/(loss) and comprehensive profit/(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. The weighted average fair value of options granted during the September 30, 2019 period ended was \$nil (September 30, 2018 - nil). Refer to Note 6 for details of options.

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(Unaudited)

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8. 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 | |
|---|--------------------------|--------------------|--------------------|
| | | September 30, 2019 | September 30, 2018 |
| Esperance Iron Ore Export Company Pty Ltd | Australia | 100 | 100 |
| Macarthur Australia Limited | Australia | 100 | 100 |
| Macarthur Iron Ore Pty Ltd | Australia | 100 | 100 |
| 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 September 30, 2019.

Executive Directors

Cameron McCall, Executive Chairman
Joe Phillips, CEO and Director

Non-Executive Directors

Alan Phillips, Non-Executive Director
Earl Evans, Non-Executive Director (resigned 20th September 2019)
Andrew Suckling, Non-Executive Director
Daniel Joseph Lanskey (appointed on 20th September 2019)

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8. RELATED PARTY TRANSACTIONS (Cont'd)

Details of Remuneration

Details of the remuneration of each key management personnel of the Company are set out in the following tables:

| Period ending September 30, 2019 | Short Term Employee Benefits | | | | Post-Employment Benefits | | Share Based Payments | Total |
|--|------------------------------|------------------|------------|-----------------------|--------------------------|---------------------|----------------------|----------------|
| | Cash Salary & Fees | Accrued Salaries | Cash Bonus | Non-monetary benefits | Super-annuation | Retirement Benefits | Options | |
| <i>Executive Directors</i> | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| C McCall | 95,000 | - | - | - | - | - | 91,226 | 186,226 |
| J Phillips | 95,000 | - | - | - | - | - | 91,226 | 186,226 |
| <i>Non-Executive Directors:</i> | | | | | | | | |
| D Lenigas ^[1] | - | - | - | 8,383 | - | - | - | 8,383 |
| A S Phillips | 40,833 | - | - | - | - | - | 91,226 | 132,059 |
| E Evans ^[2] | 37,209 | - | - | - | - | - | 91,226 | 128,435 |
| A Suckling ^[3] | 25,271 | - | - | - | - | - | 91,226 | 116,497 |
| D Lanskey ^[4] | 2,110 | - | - | - | - | - | - | 2,110 |
| Total | 295,423 | - | - | 8,383 | - | - | 456,130 | 759,936 |

^[1] On 25 June 2019 David Lenigas was issued 87,341 shares in lieu of Director Fees. He resigned on May 22, 2019.

^[2] Earl Evans fees include Director Fees from 5 February 2019.

^[3] Andrew Suckling fees include Director Fees from 21 May 2019.

^[4] Daniel Lanskey fees include Director Fees from 20 September 2019.

Remuneration accrued and payable to key management personnel as at September 30, 2019 was \$35,140.

Remuneration of each key management personnel of the Company for the period ended September 30, 2018 was as follows:

| Period ending September 30, 2018 | Short Term Employee Benefits | | | | Post-Employment Benefits | | Share Based Payments | Total |
|--|------------------------------|------------------|------------|-----------------------|--------------------------|---------------------|----------------------|----------------|
| | Cash Salary & Fees | Accrued Salaries | Cash Bonus | Non-monetary benefits | Super-annuation | Retirement Benefits | Options | |
| <i>Executive Directors</i> | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| C McCall | 60,000 | - | - | - | - | - | - | 60,000 |
| J Phillips | 60,000 | - | - | - | - | - | - | 60,000 |
| <i>Non-Executive Directors:</i> | | | | | | | | |
| D Lenigas | 30,000 | - | - | - | - | - | - | 30,000 |
| A S Phillips | 40,000 | - | - | - | - | - | - | 40,000 |
| E Evans | - | - | - | - | - | - | - | - |
| Total | 190,000 | - | - | - | - | - | - | 190,000 |

Remuneration accrued and payable to key management personnel as at September 30, 2018 was \$41,667.

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, 2019 | Six months ended September 30, 2018 |
|--|--|--|
| Cash paid during the period for interest | \$200,268* | \$4,698 |

* Interest paid during the period included interest to 30 September 2019 on Convertible Notes

During the period ended September 30, 2019, the Company entered into the following non-cash transactions:

- a) Recorded \$454,474 in deferred exploration expenditures through accounts payable.

During the period ended September 30, 2018, the Company entered into the following non-cash transactions:

- b) Recorded \$74,093 in deferred exploration expenditures through accounts payable.

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.

12. FINANCIAL INSTRUMENTS

Credit Risk

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. This amount is as follows:

| | September 30, 2019 \$ | March 31, 2019 \$ |
|---------------------------|-----------------------------|-------------------------|
| Financial assets | | |
| Cash and cash equivalents | 4,594,638 | 318,028 |
| Security Deposits | 55,750 | 55,750 |
| Receivables | 193,794 | 9,630 |
| | 4,844,182 | 383,408 |

The Company's receivables comprise of interest receivable and goods and services taxation payments recoverable from the Australian Government.

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12. FINANCIAL INSTRUMENTS (Cont'd)

The Company's maximum exposure to credit risk at the reporting date by geographic region was:

| | September 30, 2019 \$ | March 31, 2019 \$ |
|--------------|-----------------------------|-------------------------|
| Australia | 193,794 | 369,138 |
| Canada | - | 14,270 |
| Total | 193,794 | 383,408 |

The financial liabilities the Company has at the reporting date are accounts payable and accrued liabilities. The Company has sufficient cash to cover these liabilities as they come due.

Currency Risk

Exposure to currency risk

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

| | AUD | CAD | AUD | CAD |
|--|--------------------|------------------|----------------|-------------|
| | September 30, 2019 | | March 31, 2019 | |
| Cash and cash equivalents | 75,652 | 4,518,985 | 303,758 | 14,270 |
| Receivables | 193,794 | - | 49,898 | - |
| Security deposits | 55,750 | - | 55,750 | - |
| | 325,196 | 4,518,985 | 409,406 | 14,270 |
| Accounts payable and accrued liabilities | 780,184 | 124,419 | 303,336 | 61,331 |
| Employee Benefits | 87,273 | - | 61,586 | - |
| Warrant liability | - | 687,419 | - | 2,579,901 |
| Lease liability | 425,558 | - | - | - |
| | 1,293,015 | 811,838 | 364,922 | 2,641,232 |
| Net exposure | (967,819) | 3,707,147 | 44,484 | (2,626,962) |

The following significant exchange rates applied during the period:

| AUD | Average rate | | Reporting date spot rate | |
|-----------------------|-----------------------|-------------------|--------------------------|-------------------|
| | September 30, 2019 | March 31, 2019 | September 30, 2019 | March 31, 2019 |
| Canadian dollar (CAD) | 1.0862 | 1.0452 | 1.1184 | 1.0545 |

Sensitivity analysis

A 10% strengthening of the Australian dollar against the Canadian dollar at September 30, 2019 on the above net exposure to Canadian assets and liabilities would have decreased equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for September 2018.

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12. FINANCIAL INSTRUMENTS (Cont'd)

| | Equity \$ | Profit or loss \$ |
|---------------------------|----------------------|----------------------------------|
| September 30, 2019 | | |
| CAD\$ | <u>414,607</u> | <u>414,607</u> |
| March 31, 2019 | | |
| CAD\$ | <u>277,013</u> | <u>277,013</u> |

A 10% weakening of the Australian dollar against the Canadian dollar at September 30, 2019 would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Profile

At the reporting date the interest rate profile of the Company's and the Group's interest-bearing financial instruments was:

| | September 30, 2019 | March 31, 2019 |
|----------------------------------|-------------------------------|-------------------|
| | \$ | \$ |
| <i>Variable rate instruments</i> | | |
| Financial assets | 4,650,388 | 373,778 |

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 2019.

| | Profit or loss | | Equity | |
|----------------------------------|-----------------------|--------------------|--------------------|--------------------|
| | 100 bp increase | 100 bp decrease | 100 bp increase | 100 bp decrease |
| | \$ | \$ | \$ | \$ |
| September 30, 2019 | | | | |
| Variable rate instruments | 46,504 | (46,504) | 46,504 | (46,504) |
| March 31, 2019 | | | | |
| Variable rate instruments | 3,738 | (3,738) | 3,738 | (3,738) |

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 unissued capital of shareholders' equity.

The properties in which the Company currently has an interest in 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 current exploration and evaluation activities, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels 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, 2019. The Company is not subject to externally imposed capital requirements.

14. COMMITMENTS

| | September 30, 2019 | September 30, 2018 |
|--|-----------------------------------|-----------------------|
| | \$ | \$ |
| a) Operating Lease commitments as per AASB 16 and reflected on the Statement of Financial Position: | | |
| Right of Use asset | 412,250 | - |
| Lease liability | 425,558 | - |

AASB 16 requires lessees to account for all leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

The application date for AASB16 for the Company was 1 April 2019, and as such, the Company applied this standard to its Statement of Financial Position in relation to its Brisbane Office lease.

b) 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 5 to the condensed interim consolidated financial statements for the period ended September 30, 2019.

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

c) Convertible Notes

On 10 July 2019, the Company closed a fully subscribed non-brokered private placement for USD \$6,000,000 of Convertible Notes (on conditional acceptance with attaching Warrants offered for one fourth of the commitment amount) to pursue activities for the development of the Lake Giles Iron Project.

15. CONTINGENT LIABILITIES

a) Security Bonds

The Company has a contingent liability bank guarantee issued of \$55,750 for office leasing arrangements in Brisbane and corporate credit cards.

b) Supreme Court Proceedings LPD v. Macarthur and Ors. (“New Proceedings”)

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

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

Chan, Chan and Kwok (“FSDC Directors”) v. Macarthur Minerals Limited and Ors.

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

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

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

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

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

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

On July 5, 2019, the FSDC Directors filed a notice of appeal to the Supreme Court of Queensland where the review was held by the court on August 28, 2019. The appeal was subsequently set down for hearing on October 24, 2019 where the court of appeal has reserved its judgement with no indication of the timing of judgement being handed down.

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

16. SUBSEQUENT EVENTS

a) *Private Placement*

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

On July 10, 2019, the Company closed the Offering for gross proceeds of US\$6,000,000 with final acceptance received from the Exchange on July 11, 2019.

b) *ASX dual listing*

On September 30, 2019 the Company announced its intention to seek a dual listing on Australian Securities Exchange ("ASX") before the end of 2019. To this effect the Company engaged Shaw and Partners Limited ("Shaw") as Lead Manager for the public offering of its securities to Australian retail and to institutional investors and completed and lodged on 15 October 2019 the Macarthur Minerals Prospectus, which was replaced on October 30, 2019 by the Replacement Prospectus. The Company's ASX dual listing offer to raise up to maximum of A\$7.5million opened on October 31, 2019.

On October 31, 2019 the Extraordinary General meeting of shareholders approved the consolidation of the Company's Share Capital ("Share Consolidation") on the basis of one (1) post-consolidation common share for four (4) pre-consolidation shares of the Company ("Consolidation Ratio"). The Company has 322,033,625 common shares outstanding and on completion of the consolidation have 80,508,409 common shares outstanding. The number of common shares issuable under, any warrants, options, restricted share units and convertible notes of the Company have been adjusted in accordance with the Consolidation Ratio. The Share Consolidation was successfully completed on November 20, 2019.

c) *Technical Report for Lake Giles Iron Ore Project*

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

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

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

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d) Option Agreement with Fe Limited

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

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

The original agreement was terminated and replaced by a New Option Agreement on 28 August 2019 ("New Option Agreement"). On 29 August 2019 FEL paid the Option Exercise Fee to MLI by way of issue of 26,666,667 new ordinary shares in FEL to Macarthur Minerals Ltd at an offer price of \$0.015.

e) Equity movements

The Company has been granted an approval by the TSX-V for the extension of the expiry date of 14,252,400 and 40,738,520 common share purchase warrants that were issued as part of a non-brokered private placement completed by the Company in September and November 2018, to September 24, 2021 and December 15, 2021 respectively.

The expiry date of 31,712,730 common share purchase warrants issued as part of the Rights Offering completed by the Company in December 2017, was approved by the TSX-V for extension to December 15, 2020.

f) Board Changes

On September 20, 2019, Earl Evans resigned as a Non-Executive Director and Daniel Lanskey was appointed as Non-Executive Director in his replacement.

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

On September 2019 Andrew Bruton was appointed as Executive General Manager (Corporate) and Company Secretary.