



**MACARTHUR**  
Minerals

## **Appendix 4D For the Half Year Ended 30 September 2020**

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

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

The documents contained within this report comprise the information required by listing rule 4.2A and should be read in conjunction with the Company's 2020 Annual Report.

Macarthur Minerals Limited  
ACN 103 011 436

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

**Interim Report****For the half-year ended 30 September 2020**

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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 3.

The financial report was authorised for issue by the directors on 30 November 2020. The directors have the power to amend and reissue the financial report.

## Directors' Report

Your Directors submit their report for the half-year ended 30 September 2020 for the Group incorporating Macarthur Minerals Limited ("Company" or "Macarthur Minerals") and the entities that it controlled during the half-year ("Group").

### CURRENCY

Amounts in this report and the accompanying financial report are presented in Australian dollars unless otherwise stated.

### DIRECTORS

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

The following persons were key management personnel of the Company during the period ending 30 September 2020.

#### *Executive Directors*

Cameron McCall, Executive Chairman

Joe Phillips, CEO and Director

#### *Non-Executive Directors*

Alan Phillips, Non-Executive Director

Andrew Suckling, Non-Executive Director

Daniel Joseph Lanskey, Non-Executive Director

### CORPORATE INFORMATION

#### **Corporate Structure**

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

#### **Nature and Continuance of Operations**

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

As at 30 September 2020, the Company has the following subsidiaries (who are collectively referred to as the "Group"):

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

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

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

**Director's Report (Cont'd)****OPERATING REVIEW****Overview of the Half-Year Period****BACKGROUND****WESTERN AUSTRALIAN IRON ORE PROJECTS****Lake Giles Projects**

Macarthur Minerals' Lake Giles Iron Ore Projects ("Lake Giles Projects") are situated in the Yilgarn Region of Western Australia. The Yilgarn Region is host to many significant mineral deposits that have been, or are being, mined for iron ore. The tenements cover the Yerilgee greenstone belt which is some 80 km in length and lies within the Southern Cross Province of the Yilgarn.

The Lake Giles Projects are approximately 90 km from the existing Perth Kalgoorlie Railway that has a direct connection to the Port of Esperance in Western Australia, where it is intended that ore from the Projects will be shipped. Export is subject to available capacity, which is not certain.

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

On 12 August 2020 Macarthur released an updated Mineral Resource estimate for the Lake Giles Magnetite Project<sup>3</sup>. The Mineral Resource estimates includes Measured Mineral Resources of approximately 53.9Mt @ 30.8% Fe, Indicated Mineral Resources of 218.7 Mt @ 27.5% Fe and Inferred Mineral Resources of 997.0 Mt @ 28.4% Fe.

The company has commenced its work for a Feasibility Study (FS) focusing on the Moonshine magnetite deposit at Lake Giles. That work is well underway with the Mineral Resource estimates of the Moonshine deposit having been completed and released to the market on 12 August 2020. The Company filed the NI43-101 Technical Report on SEDAR, as announced on 1 October 2020<sup>4</sup>.

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

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

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

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

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

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

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

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

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

## Director's Report (Cont'd)

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

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

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

## WESTERN AUSTRALIAN GOLD PROJECTS

### Hillside Gold Project

The Hillside Gold Project encompasses Exploration License E45/4685, E45/4824, E45/4708 and E45/4709 held by Macarthur Lithium Pty Ltd ("MLi"), a wholly owned subsidiary of Macarthur Minerals. This group of tenements is located approximately 185 kilometres ("km") South East of Port Hedland and 50 km South West of Marble Bar (the "Hillside Gold Project") in Western Australia.

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

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

In October 2019, FEL conducted a sampling program across the Hillside Project with positive results returned for base metals from a gossan extending over 14km. The gossan line was sampled along the 14km strike length with remnant outcrop identified at regular intervals along strike. A total of 36 rock chip samples were collected including 15 from outcropping gossan with several samples containing visible copper minerals such as malachite. Remaining samples were collected from quartz outcrops, many of which returned strongly anomalous gold grades<sup>7</sup>.

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

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

In November 2019, FEL completed a drilling program<sup>8</sup> focussing on the gossan line and outcropping quartz reefs. A total of 36 holes for 1798 metres was drilled. Assay results returned from the laboratory demonstrate support for a mineralised gossan model with down dip extension of mineralised gossan at surface intercepted in three holes with the following results:

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

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

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

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

## Director's Report (Cont'd)

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

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

### *Strelley Gorge*

Macarthur holds the Strelley Gorge and Tambourah tenements in the Pilbara region of Western Australia. The Strelley Gorge tenement (E45/4735) is prospective for DSO iron ore and is located immediately adjacent to the Abydos iron ore project that has been mined by Atlas Iron. The Tambourah tenement (E45/5324) is also prospective for iron ore having intersected iron ore in historical drilling by Atlas Iron. The drilling focussed an outcropping BIF prospect in the north of the tenement. Macarthur considers both tenements prospective for iron ore and is seeking interested parties to further explore these assets.

## COVID-19 IMPACTS

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

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

## SIGNIFICANT EVENTS AFTER BALANCE DATE

### (i) Legal Proceedings

#### **Chan, Chan and Kwok ("FSDC Directors") v. Macarthur Minerals Limited and Ors**

On 5 July 2019, the FSDC Directors filed a notice of appeal to the Supreme Court of Queensland where the review was held by the court on 28 August 2019. The appeal was subsequently set down for hearing on 24 October 2019. On 30 June 2020, the Court of Appeal handed down its decision, dismissing the appeal with costs.

On 29 July 2020, the FSDC Directors filed in the High Court of Australia an application for special leave to appeal against the judgement of the Court of Appeal of the Supreme Court of Queensland. On 5 November 2020, the High Court dismissed the application by the FSDC Directors for special leave to appeal against a previous decision of the Court of Appeal of the Supreme Court of Queensland.

The High Court's refusal to grant the Applicants special leave to appeal means that the longstanding proceedings (initiated in 2016) are now finally at an end. There is no further avenue of appeal available to the FSDC Directors.

## Director's Report (Cont'd)

### (ii) Financing

#### *Private Placement*

On 22 October 2020, the Company announced<sup>9</sup> that it had closed a private placement ("Private Placement") of AUD \$6,249,440 with sophisticated and institutional investors with subscriptions totalling 11,362,618 Units.

Each placement unit ("Unit") is comprised of one New Share at a price of AUD \$0.55 and one attaching option to acquire one fully paid ordinary share in the Company (each, an "Option") at an exercise price of AUD \$0.90, with an expiry date 24 months from the date of issuance.

Following exchange final approvals and acceptance:

- The Placement securities being 11,362,618 Ordinary Shares and 5,137,382 Options were issued on 26 October 2020.
- The balance of 6,225,236 Options were issued on 2 November 2020, following receipt of shareholders' approval at the Company's Annual General Meeting on 30 October 2020 in accordance with ASX listing rule requirements relating to future placement capacity.

The net proceeds from the Offering will be used for working capital purposes.

#### *Equity Finance Facility*

In addition to the Private Placement, the Company has executed an AUD \$20 million standby equity finance facility secured under a Controlled Placement Agreement ("Equity Finance Facility") with L1 Capital Global Opportunities Master Fund ("L1"). The agreement entitles the Company to issue shares to L1 over 36 months under "Placement Notice(s)" at the Company's discretion, and to receive funds for the issue of those shares at the greater of 90% of: (i) the average daily VWAP over 30 Trading Days of the Company's Australian Securities Exchange (ASX) listed shares following delivery of a Placement Notice (Pricing Period); and (ii) the Minimum Acceptable Price nominated by the Company (provided that the discounted Minimum Acceptable Price cannot be lower than any minimum price required under the ASX Listing Rules or the TSX Listing Rules, and in any event not less than AUD \$0.20) ("Purchase Price"). The additional key terms of the Equity Finance Facility are described in the Company's News Release dated 13 October 2020<sup>10</sup>.

### (iii) Engagement of CST Capital Pty Ltd

Pursuant to a Services Agreement between CST Capital Pty Ltd ("CST") and the Company dated 12 October 2020, subject to successful completion of establishment of the Equity Finance Facility and receipt of any required exchange and shareholders approval, a fee of USD \$250,000 ("Fee") is payable to CST.

In addition to the Fee and following receipt of shareholders' approval at the Company's Annual General Meeting on 30 October 2020, 1.5 million unlisted Options for the issue of ordinary shares in the Company on ASX at an exercise price of AUD \$0.75 per Option and expiring on 11 November 2022 were issued to CST on 11 November 2020.

### (iv) EAS advisors

EAS Advisors LLC through Odeon Capital Group LLC ("Odeon") acted as financial adviser for the Private Placement. Pursuant to a Consulting and Advisory Agreement between Odeon and the Company dated 9 October 2020, Odeon received an Equity Placement Financing Completion Fee equal to AUD \$374,966.40 resulting in the Company receiving net proceeds from the Private placement of AUD \$5,874,473.60.

<sup>9</sup> Refer to the Company's news release dated 22 October 2020

<sup>10</sup> Refer to the Company's news release dated 13 October 2020

**Director's Report (Cont'd)**

EAS Advisors, LLC, through Odeon and CST Capital Pty Ltd also acted as joint advisers for arranging the Controlled Placement Agreement. Pursuant to the Consulting and Advisory Agreement between Odeon and the Company dated 9 October 2020, Odeon received the following remuneration:

- a cash fee of AUD \$100,000 on 31 October 2020 and the remaining balance of AUD \$100,000 payable by 30 November 2020; and
- 233,076 ASX listed ordinary shares of the Company for a value equal to USD \$100,000 issued on 12 November 2020, subject to a voluntary 4 month hold period from the date of issue. The remaining balance of ASX listed ordinary shares of the Company for a value equal to USD \$100,000 will be issued by 30 November 2020 at a price equal to the thirty (30) day VWAP prior to the date of such issue and will be subject to a voluntary 4 month hold period from the relevant date of issue.

**(v) Warrants**

The extension of the expiry date of 7,928,183 post consolidation common share purchase warrants that were issued as part of the Rights Offering completed by the Company in December 2017 was approved by the TSX-V for extension to 15 December 2021.

**AUDITOR'S INDEPENDENCE DECLARATION**

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

Signed in accordance with a resolution of the Directors.



**Cameron McCall**  
**Executive Chairman**  
30 November 2020



## Auditor's Independence Declaration

### Under Section 307C of the *Corporations Act 2001*

#### To the Directors of Macarthur Minerals Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 30 September 2020 there have been no contraventions of:

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

This declaration is in respect of Macarthur Minerals Limited and the entities it controlled during the period.

*Nexia Brisbane Audit Pty Ltd*

#### **Nexia Brisbane Audit Pty Ltd**



**Gavin Ruddell**  
**Director**

Level 28, 10 Eagle Street  
Brisbane, QLD, 4000

Date: 30 November 2020

**MACARTHUR MINERALS LIMITED****INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
(Expressed in Australian Dollars)

	<b>Six months ended 30 September 2020</b>	Six months ended 30 September 2019
	<b>\$</b>	<b>\$</b>
<b>EXPENSES</b>		
Depreciation	(6,977)	(11,166)
Amortisation – Right of use asset	(35,961)	(37,477)
Exploration expense	(45,821)	-
Investor relations	(78,004)	(10,727)
Office and general	(568,968)	(331,778)
Personnel fees	(1,751,115)	(511,853)
Professional fees	(345,513)	(371,271)
Rent	-	(18,727)
Share-based compensation	(494,768)	(600,754)
Share registry, filing and listing fees	(220,629)	(119,518)
Travel and accommodation	(3,122)	(41,817)
	<u>(3,550,878)</u>	<u>(2,055,088)</u>
<b>REVENUE</b>		
Interest Income	150	702
Other Income	90,205	100,000
Gain on foreign exchange	1,020,211	148,332
(Loss)/gain on change in fair value of warrant liability	(10,866,716)	1,472,364
	<u>(9,756,150)</u>	<u>1,721,398</u>
<b>Loss before income tax</b>	<b>(13,307,028)</b>	<b>(333,690)</b>
Income tax expense	-	-
<b>Loss for the period</b>	<b>(13,307,028)</b>	<b>(333,690)</b>
<b>Other Comprehensive Income Items that will not be reclassified subsequently to profit or loss:</b>		
Fair value gain/(loss) on Investment in FEL at fair value through other comprehensive income	373,333	(26,667)
<b>Total comprehensive loss for the period</b>	<b>(12,933,695)</b>	<b>(360,357)</b>
Basic and diluted profit/(loss) per ordinary share (cents)	<b>(0.1214)</b>	<b>(0.0015)</b>
Basic and diluted weighted average number of ordinary shares outstanding	<b>106,535,957</b>	<b>318,291,924</b>

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

**MACARTHUR MINERALS LIMITED**  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(Expressed in Australian Dollars)

	Note	30 September 2020	31 March 2020
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		2,006,771	4,518,165
Receivables		77,518	90,898
Security deposits and prepayments		138,511	449,383
<b>Total current assets</b>		<b>2,222,800</b>	<b>5,058,446</b>
<b>Non-Current</b>			
Plant and equipment		56,752	63,729
Right of use asset		293,678	329,639
Investment in FE Ltd	4	640,000	266,667
Exploration and evaluation assets	4	66,626,397	66,218,216
<b>Total non-current assets</b>		<b>67,616,827</b>	<b>66,878,251</b>
<b>Total assets</b>		<b>69,839,627</b>	<b>71,936,697</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		565,412	905,660
Employee benefits		73,763	58,756
Warrant liability	5	11,766,281	899,565
Lease liability		66,648	63,488
Convertible Notes	11	-	8,134,049
<b>Total current liabilities</b>		<b>12,472,104</b>	<b>10,061,518</b>
<b>Non-Current</b>			
Lease liability		249,518	283,412
Employee benefits		30,804	27,518
<b>Total non-current liabilities</b>		<b>280,322</b>	<b>310,930</b>
<b>Total liabilities</b>		<b>12,752,426</b>	<b>10,372,448</b>
<b>Net assets</b>		<b>57,087,201</b>	<b>61,564,249</b>
<b>SHAREHOLDERS' EQUITY</b>			
Contributed equity	5	113,292,815	104,794,986
Reserves		4,981,103	4,648,952
Accumulated losses		(61,186,717)	(47,879,689)
<b>Total shareholders' equity</b>		<b>57,087,201</b>	<b>61,564,249</b>

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

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

(Expressed in Australian Dollars)

	Number of Shares #	Contributed Equity \$	Accumulated losses \$	Reserves \$	Total Equity \$
<b>Balance at 1 April 2019</b>	305,166,284	99,671,850	(43,784,168)	4,539,151	60,426,833
Net loss for the period	-	-	(333,690)	-	(333,690)
Share-based payment transactions	-	-	-	303,763	303,763
Transfer from reserves	-	-	81,595	(81,595)	-
Other comprehensive loss for the period	-	-	-	(26,667)	(26,667)
Private placement	11,087,341	305,375	-	-	305,375
Exercise of options and warrants	5,780,000	341,278	-	-	341,278
Share issuance costs	-	(202,582)	-	-	(202,582)
<b>Balance at 30 September 2019</b>	<b>322,033,625</b>	<b>100,115,921</b>	<b>(44,036,263)</b>	<b>4,734,652</b>	<b>60,814,310</b>
<b>Balance at 1 April 2020 <sup>[1]</sup></b>	102,386,361	104,794,986	(47,879,689)	4,648,952	61,564,249
Net loss for the period	-	-	(13,307,028)	-	(13,307,028)
Share-based payment transactions	-	-	-	494,768	494,768
Other comprehensive income for the period	-	-	-	373,333	373,333
Shares in consideration for Consultancy fees	323,551	45,156	-	-	45,156
Shares in consideration for purchase of assets	1,702,997	250,000	-	-	250,000
Bonus Shares issued to Directors and employees	3,000,000	810,000	-	-	810,000
Convertible Notes conversion	15,248,936	6,856,723	-	-	6,856,723
Vested RSU's	2,937,500	535,950	-	(535,950)	-
<b>Balance at 30 September 2020</b>	<b>125,599,345</b>	<b>113,292,815</b>	<b>(61,186,717)</b>	<b>4,981,103</b>	<b>57,087,201</b>

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

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

**MACARTHUR MINERALS LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Expressed in Australian Dollars)

	<b>Six months ended 30 September 2020</b>	Six months ended 30 September 2019
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	<b>(13,307,028)</b>	(333,690)
<i>Items not involving cash:</i>		
Depreciation - PPE	<b>6,977</b>	11,166
Amortisation – Right of use asset	<b>35,961</b>	37,477
FX gain on Convertible note conversion	<b>(1,277,260)</b>	
Change in fair value of warrant liability	<b>10,866,716</b>	(1,472,364)
Share-based compensation	<b>494,768</b>	600,754
Bonus shares issued to Directors and employees	<b>810,000</b>	-
Shares in consideration for Consultancy fees	<b>45,156</b>	
<i>Changes in assets and liabilities:</i>		
Accounts payable and accrued liabilities	<b>(90,247)</b>	539,935
Security deposits and prepayments	<b>310,805</b>	(1,094,010)
Receivables	<b>13,380</b>	(143,896)
Employee provisions	<b>18,293</b>	25,687
<b>Net Cash used in Operating Activities</b>	<b>(2,072,479)</b>	(1,828,941)
<b>INVESTING ACTIVITIES</b>		
Plant & Equipment purchases	-	(59,325)
Deferred exploration expenditures	<b>(408,181)</b>	(1,070,316)
<b>Net Cash used in Investing Activities</b>	<b>(408,181)</b>	(1,129,641)
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	-	349,662
Payments for lease liability	<b>(30,734)</b>	(24,257)
Proceeds from Convertible Note issue	-	7,112,369
Share issue and placement costs	-	(202,582)
<b>Net Cash provided by (used in) Financing Activities</b>	<b>(30,734)</b>	7,235,192
Change in cash and cash equivalents during period	<b>(2,511,394)</b>	4,276,610
Cash and cash equivalents, beginning of period	<b>4,518,165</b>	318,028
<b>Cash and cash equivalents, end of period</b>	<b>2,006,771</b>	4,594,638

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

**MACARTHUR MINERALS LIMITED**

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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**NATURE AND CONTINUANCE OF OPERATIONS**

Macarthur Minerals Limited (the “Company”) is an Australian public company listed in Canada on the TSX Venture Exchange (“TSX-V”) (symbol: MMS), Australian Securities Exchange (“ASX (symbol: MIO) and OTCQB Venture Market (“OTCQB”) (symbol: MMSDF). Macarthur Minerals has three iron ore projects in the Yilgarn region of Western Australia. The Company has also established multiple project areas in the Pilbara, Western Australia for conglomerate gold, hard rock greenstone gold and hard rock lithium. In addition, Macarthur Minerals has significant lithium brine interests in the Railroad Valley, Nevada, USA.

As at 30 September 2020, 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.

**1. BASIS OF PRESENTATION**

These general purpose interim consolidated financial statements for the half-year reporting period ended 30 September 2020 have been prepared in accordance with the requirements of the Corporations Act 2001 and International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”). 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 Mineral Limited and its controlled entities (referred to as the “Consolidated Group” or “Group”). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2020, together with any public announcements made during the following half-year.

These condensed interim consolidated financial statements were authorized by the Board of Directors of the Company on 30 November 2020.

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

**3. EXPLORATION AND EVALUATION ASSETS**

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

At 30 September 2020, 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.

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**4. EXPLORATION AND EVALUATION ASSETS (Cont'd)**

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 \$408,181 was capitalised during the period ended 30 September 2020, as per table below.

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

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

	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
<b>Balance as at 1 April 2019</b>	<b>4,010,636</b>	<b>58,983,008</b>	<b>62,993,644</b>
Accommodation and camp maintenance	-	100,134	100,134
Drilling	-	1,252,063	1,252,063
Environmental surveys	-	14,950	14,950
Tenement acquisitions	-	500,000	500,000
Other	-	42,192	42,192
Personnel and Contractors	-	443,936	443,936
Rent and rates	-	329,501	329,501
Research and reports	-	333,753	333,753
Sampling and testing	-	25,934	25,934
Tenement management and outlays	-	23,131	23,131
Travel	-	26,316	26,316
Vehicle hire	-	27,164	27,164
Fuel costs	-	105,498	105,498
	-	<b>3,224,572</b>	<b>3,224,572</b>
<b>Balance as at 31 March 2020</b>	<b>4,010,636</b>	<b>62,207,580</b>	<b>66,218,216</b>
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
<b>Incurred during the period</b>			
Accommodation and camp maintenance	-	22,926	22,926
Environmental surveys	-	8,210	8,210
Other	-	28,238	28,238
Personnel and Contractors	-	117,193	117,193
Rent and rates	-	114,412	114,412
Research and reports	-	92,115	92,115
Sampling and testing	-	894	894
Tenement management and outlays	-	15,640	15,640
Travel	-	261	261
Vehicle hire	-	8,292	8,292
	-	<b>408,181</b>	<b>408,181</b>
<b>Balance as at 30 September 2020</b>	<b>4,010,636</b>	<b>62,615,761</b>	<b>66,626,397</b>

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**4. EXPLORATION AND EVALUATION ASSETS (Cont'd)**

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

During the year ended 31 March 2020, FEL contributed \$400,000 in accordance with the farm-out agreement by way of issuing the Company \$400,000 in FEL Shares. The farm-out contribution has been credited against costs previously capitalized in relation to the Groups Lithium tenements. The Company's investment in FEL has increased during the period to \$640,000 at 30 September 2020 with the fair value increase being reported in Other Comprehensive Income. The earn-in agreement with FEL was terminated on 15 September 2020, following FEL's election not to earn-in on a 25% Stage 1 Interest.

**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:

	<b>30 September 2020</b>	31 March 2020
	\$	\$
Not later than one year	<b>1,238,620</b>	904,403
Later than one year but not later than five years	<b>4,183,058</b>	3,580,724
	<b><u>5,421,678</u></b>	<u>4,485,127</u>

For the financial year ending 31 March 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 Capitalized 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:

	<b>30 September 2020</b>	31 March 2020
	\$	\$
Not later than one year	<b>969,120</b>	286,503
Later than one year but not later than five years	<b>4,183,058</b>	3,580,724
	<b><u>5,152,178</u></b>	<u>3,867,227</u>



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**5. 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.

	<b>30 September 2020</b>	<b>31 March 2020</b>
	\$	\$
Issued and fully paid	<u>113,292,815</u>	<u>104,794,986</u>
	<b>Number</b>	<b>Number</b>
Number of Shares on Issue	<u>125,599,345</u>	<u>102,386,361</u>

	<b>30 September 2020</b>	<b>31 March 2020</b>
At the beginning of the reporting period	<b>102,386,361</b>	305,166,284
Share consolidation (1 share for 4 shares)	-	(228,874,713)
Shares Issued during the period:		
22 Apr 2019 (CAD\$0.08 per share)	-	2,750,000 <sup>[1]</sup>
25 Jun 2019 (CAD\$0.09 per share)	-	21,838 <sup>[1]</sup>
2 Dec 2019 (AUD\$0.25 per share)	-	20,032,952
19 Dec 2019 (AUD\$0.25 per share)	-	1,800,000
3 Jun 2020 (AUD \$0.14 per share)	<b>171,479</b>	-
23 Jun 2020 (AUD \$0.15 per share)	<b>1,702,997</b>	-
7 Aug 2020 (AUD \$0.27 per share)	<b>3,000,000</b>	-
31 Aug 2020 (AUD \$0.42 per share)	<b>2,628,812</b>	-
31 Aug 2020 (AUD \$0.14 per share)	<b>152,072</b>	-
3 Sept 2020 (AUD \$0.42 per share)	<b>3,101,887</b>	-
8 Sept 2020 (AUD \$0.44 per share)	<b>3,125,460</b>	-
9 Sept 2020 (AUD \$0.50 per share)	<b>6,392,777</b>	-
17 Sept 2020 (CAD\$0.32 per share)	<b>2,937,500</b>	-
Exercise of options and warrants	-	1,490,000
At the end of the reporting period	<u><b>125,599,345</b></u>	<u><b>102,386,361</b></u>

[1] Amounts shown have been converted to post consolidation amounts.

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 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 30 August 2019, being 321,033,625 (pre consolidation) ordinary Shares.

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

On 30 October 2020 in the Company's Annual General Meeting, the shareholders approved both Plans, in replacement of the previous Plans, as well as the maximum number of ordinary shares of the Company that may be issued under the Plans was fixed at 20% of the number of ordinary shares of the Company issued and outstanding on 30 September 2020, being 125,599,345 ordinary shares.

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.

**Share Options**

During the six-month period ended 30 September 2020, no 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 30 September 2020		Year ended 31 March 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	5,080,000	\$0.25 (CAD\$0.22)	7,678,816	\$0.23 (CAD\$0.22)
Granted	3,500,000	\$0.28 (CAD\$0.27)	500,000	\$0.34 (CAD\$0.31)
Expired	(1,520,000)	\$0.23 (CAD\$0.22)	(1,428,816)	\$0.27 (CAD\$0.24)
Forfeited	-	-	(250,000)	\$0.46 (CAD\$0.40)
Exercised	-	-	(1,420,000)	\$0.24 (CAD\$0.21)
Outstanding, end of period	7,060,000	\$0.26 (CAD\$0.25)	5,080,000	\$0.25 (CAD\$0.22)
Options exercisable, end of period	7,060,000	\$0.26 (CAD\$0.25)	5,080,000	\$0.25 (CAD\$0.22)

Share options outstanding at 30 September 2020 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
1,025,000	CAD\$0.22	19 Feb 2021
555,000	CAD\$0.20	3 Dec 2021
1,480,000	CAD\$0.20	24 Feb 2022
500,000	AUD\$0.31	17 Dec 2022
500,000	AUD\$0.16	31 Dec 2020
500,000	AUD\$0.34	31 Dec 2022
500,000	AUD\$0.36	31 Dec 2022
500,000	AUD\$0.38	31 Dec 2022

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

500,000	CAD\$0.16	31 Dec 2022
500,000	CAD\$0.24	31 Dec 2022
500,000	CAD\$0.32	31 Dec 2022

**Restricted Share Units**

During the six-month period ended 30 September 2020, 2,937,500 RSU's vested and 562,500 RSU's expired. Since 30 September 2020 up to the date of this report, 1,179,471 RSUs expired.

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

	Six months ended 30 September 2020		Year ended 31 March 2020	
	Number of RSUs	Weighted Average Exercise Price	Number of RSUs	Weighted Average Exercise Price
Outstanding, beginning of period	4,726,471	\$0.52 (CAD\$0.45)	4,126,471	\$0.48 (CAD\$0.52)
Granted	-	-	3,500,000	\$0.37 (CAD\$0.32)
Vested <sup>[1]</sup>	(2,937,500)	\$0.34 (CAD\$0.32)	(2,750,000)	\$0.37 (CAD\$0.32)
Expired	(562,500)	\$0.39 (CAD\$0.37)	(150,000)	\$0.65 (CAD\$0.56)
Outstanding, end of period	1,226,471	\$0.84 (CAD\$0.80)	4,726,471	\$0.52 (CAD\$0.45)

[1] The value of 2,937,500 RSU's that vested during the period was \$535,950.

RSUs outstanding at 30 September 2020 have the following vesting prices and expiry dates:

Number of RSUs	Vesting Price	Expiry Date
1,176,471	CAD\$0.80	27 Nov 2020
50,000	CAD\$0.80	19 Feb 2021

The weighted average remaining contractual life for the RSUs as at 30 September 2020 is 0.17 years.

**Warrants**

Warrants relating to rights issues and private placements at the beginning of the period totaled 25,777,188. No warrants were granted or expired during the period ended 30 September 2020.

**Warrant Liability**

During the period ended 30 September 2020, no warrants were granted. Where the warrants have an exercise price denominated in a currency which is different from the functional currency of the Company (Australian dollar), the warrants are treated as a financial liability. The Company's share purchase warrants are classified and accounted for as a financial liability at fair value with changes in fair value recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The warrant derivative liability is classified as level 2 in the fair value hierarchy. As of 30 September 2020, the Company had 25,777,188 (31 March 2020 – 25,777,188) warrants outstanding, which are classified and accounted for as a financial liability. The Company recognised a loss of \$10,866,716 (30 September 2019 – gain of \$1,472,364) from changes in the fair value of the warrant liability. The value of warrant liability as at 30 September 2020 is \$11,766,281.

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**6. SHARE-BASED COMPENSATION**

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

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

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

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

Name	Country of Incorporation	% Equity Interest	
		30 September 2020	30 September 2019
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 30 September 2020.

*Executive Directors*

Cameron McCall, Executive Chairman  
Joe Phillips, CEO and Director

*Non-Executive Directors*

Alan Phillips, Non-Executive Director  
Andrew Suckling, Non-Executive Director  
Daniel Joseph Lanskey, Non-Executive Director

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**8. TAX CONSOLIDATION**

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

**9. SEGMENTED INFORMATION**

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

**10. FAIR VALUE**

**Fair Value Measurements**

**(a) Valuation Techniques**

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

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

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

**(b) Financial Instruments**

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

	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	\$	\$	\$	\$
<b>Financial liabilities:</b>				
<i>Financial liabilities at fair value through profit or loss</i>				
Warrant liabilities	11,766,281	11,766,281	899,565	899,565
<i>Financial liabilities at amortised cost</i>				
Accounts payables and other liabilities	565,413	565,413	905,660	905,660

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

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**10. FAIR VALUE (Cont'd)****(c) Valuation Techniques and Inputs Used to Determine Level 2 Fair Values**

<b>Level 2</b>	<b>Valuation Technique</b>	<b>Inputs Used</b>
Warrant liability	Black-Scholes valuation model	- Share price - Exercise price - Expected term - Share price volatility - Risk-free rate of return - Dividend rate

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

**11. CONVERTIBLE NOTE**

During September 2020, all outstanding notes were converted into Company shares prior to their maturity. The Company is in the process of finalizing arrangements to remove the security held over the Company's Lake Giles iron ore tenements.

**12. COMMITMENTS****Exploration expenditures**

Certain future exploration expenditures are required to be undertaken by the Company as a minimum retention for exploration permits. These expenditures were set out in Note 4 to the condensed interim consolidated financial statements for the period ended 30 September 2020.

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

**13. 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****Chan, Chan and Kwok ("FSDC Directors") v. Macarthur Minerals Limited and Ors.**

On 5 July 2019, the FSDC Directors filed a notice of appeal to the Supreme Court of Queensland where the review was held by the court on 28 August 2019. The appeal was subsequently set down for hearing on 24 October 2019. On 30 June 2020, the Court of Appeal handed down its decision, dismissing the appeal with costs.

On 29 July 2020, the FSDC Directors filed in the High Court of Australia an application for special leave to appeal against the judgement of the Court of Appeal of the Supreme Court of Queensland. On 5 November 2020, the High Court dismissed the application by the FSDC Directors for special leave to appeal against a previous decision of the Court of Appeal of the Supreme Court of Queensland.

The High Court's refusal to grant the Applicants special leave to appeal means that the longstanding proceedings (initiated in 2016) are now finally at an end. There is no further avenue of appeal available to the FSDC Directors.

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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#### **14. SUBSEQUENT EVENTS**

##### ***a) Financing***

###### ***Private Placement***

On 22 October 2020, the Company announced<sup>11</sup> that it had closed a private placement ("Private Placement") of AUD \$6,249,440 with sophisticated and institutional investors with subscriptions totalling 11,362,618 Units.

Each placement unit ("Unit") is comprised of one Ordinary Share at a price of AUD \$0.55 and one attaching option to acquire one fully paid ordinary share in the Company (each, an "Option") at an exercise price of AUD \$0.90, with an expiry date 24 months from the date of issuance.

Following exchange final approvals and acceptance:

- The Placement securities being 11,362,618 Ordinary Shares and 5,137,382 Options were issued on 26 October 2020.
- The balance of 6,225,236 Options were issued on 2 November 2020, following receipt of shareholders' approval at the Company's Annual General Meeting on 30 October 2020 in accordance with ASX listing rule requirements relating to future placement capacity.

The net proceeds from the Offering will be used for working capital purposes.

###### ***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-V Listing Rules, and in any event not less than AUD \$0.20) ("Purchase Price"). The additional key terms of the Equity Finance Facility are described in the Company's News Release dated 13 October 2020<sup>12</sup>.

##### ***b) Engagement of CST Capital Pty Ltd***

Pursuant to a Services Agreement between CST Capital Pty Ltd ("CST") and the Company dated 12 October 2020, subject to successful completion of establishment of the Equity Finance Facility and receipt of any required exchange and shareholders' approval, a fee of USD \$250,000 ("Fee") is payable to CST.

In addition to the Fee and following receipt of shareholders' approval at the Company's Annual General Meeting on 30 October 2020, 1.5 million unlisted Options for the issue of ordinary shares in the Company on ASX at an exercise price of AUD \$0.75 per Option and expiring on 11 November 2022 were issued to CST on 11 November 2020.

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<sup>11</sup> Refer to the Company's news release dated 22 October 2020

<sup>12</sup> Refer to the Company's news release dated 13 October 2020

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**14. SUBSEQUENT EVENTS (Cont'd)*****c) EAS advisors***

On 3 June 2020, 171,479 ordinary shares were issued to EAS Advisors settled as the first quarter equity payment, in connection with EAS engagement as corporate advisor on 21 January 2020.

EAS Advisors LLC through Odeon Capital Group LLC ("Odeon") acted as financial adviser for the Private Placement. Pursuant to a Consulting and Advisory Agreement between Odeon and the Company dated 9 October 2020, Odeon received an Equity Placement Financing Completion Fee equal to AUD \$374,966.40 resulting in the Company receiving net proceeds from the Private placement of AUD \$5,874,473.60.

EAS Advisors, LLC, through Odeon and CST Capital Pty Ltd also acted as joint advisers for arranging the Controlled Placement Agreement. Pursuant to the Consulting and Advisory Agreement between Odeon and the Company dated 9 October 2020, Odeon received the following remuneration:

- a cash fee of AUD \$100,000 on 31 October 2020 and the remaining balance of AUD \$100,000 payable by 30 November 2020; and
- 233,076 ASX listed ordinary shares of the Company for a value equal to USD \$100,000 were issued on 12 November 2020, subject to a voluntary 4 month hold period from the date of issue. The remaining balance of ASX listed ordinary shares of the Company for a value equal to USD \$100,000 will be issued by 30 November 2020 at a price equal to the thirty (30) day VWAP prior to the date of such issue and will be subject to a voluntary 4 month hold period from the relevant date of issue.

***d) Warrants***

The extension of the expiry date of 7,928,183 post consolidation common share purchase warrants that were issued as part of the Rights Offering completed by the Company in December 2017 was approved by the TSX-V for extension to 15 December 2021.



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## **Directors' Declaration**

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

In the opinion of the Directors:

- a) the financial statements and the notes of the Group for the half-year ended 30 September 2020 are in accordance with the Corporations Act 2001, including:
  - i) giving a true and fair view of the financial position as at 30 September 2020 and the performance of the Group for the half-year ended on that date; and
  - ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



**Cameron McCall**  
**Chairman**  
30 November 2020

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

### Report on the Half-Year Financial Report

#### **Conclusion**

We have reviewed the half-year financial report of Macarthur Minerals Limited (the "Company" and its subsidiaries ("the Group")), which comprises the interim consolidated statement of financial position as at 30 September 2020, the interim consolidated statement of profit or loss and other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 30 September 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### **Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

#### **Responsibility of the Directors for the Financial Report**

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

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## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MACARTHUR MINERALS LIMITED (continued)**

### ***Auditor's Responsibility for the Review of the Financial Report***

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 September 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*Nexia Brisbane Audit Pty Ltd*

**Nexia Brisbane Audit Pty Ltd**



**Gavin Ruddell**  
**Director**

Level 28, 10 Eagle Street  
BRISBANE QLD 4000

Date: 30 November 2020