



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

For the Three months ended June 30, 2021

All amounts are in Australian dollars unless otherwise stated

Condensed Interim Consolidated Financial Statements – June 30, 2021

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

The Company's registered office and principal place of business is detailed on page 7.

The financial report was authorized for issue by the directors on August 31, 2021. The directors have the power to amend and reissue the financial report.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

MACARTHUR MINERALS LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021
(Expressed in Australian Dollars)
(Unaudited)

	Note	June 30, 2021	March 31, 2021
			\$
ASSETS			
Current			
Cash and cash equivalents		5,586,981	5,018,170
Receivables		81,571	98,155
Security deposits and prepayments		236,395	176,015
Total current assets		5,904,947	5,292,340
Non-Current			
Plant and equipment	4	54,484	49,916
Right of use asset	14	239,738	257,718
Investment in FE Ltd		697,000	1,120,000
Exploration and evaluation assets	5	67,941,493	67,513,545
Total non-current assets		68,932,715	68,941,179
Total assets		74,837,662	74,233,519
LIABILITIES			
Current			
Trade and other payables		1,367,265	637,006
Provisions		78,355	64,519
Lease liability	14	71,618	69,936
Warrant liability	6	4,860,240	10,582,972
Total current liabilities		6,377,478	11,354,433
Non-Current			
Provisions		37,045	32,920
Lease liability	14	194,962	213,476
Total non-current liabilities		232,007	246,396
Total liabilities		6,609,485	11,600,829
Net assets		68,228,177	62,632,690
SHAREHOLDERS' EQUITY			
Contributed equity	6	119,636,574	119,342,705
Reserves		8,873,659	7,049,070
Deficit		(60,282,056)	(63,759,085)
Total shareholders' equity		68,228,177	62,632,690

Nature and continuance of operations (Note 1)
Commitments (Note 5)

Contingent liabilities (Note 15)
Subsequent events (Note 16)

On behalf of the Board of Directors:

<u>"Cameron McCall"</u>	Director	<u>"Andrew Suckling"</u>	Director
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The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MACARTHUR MINERALS LIMITED**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER
COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ENDED JUNE 30, 2021**

(Expressed in Australian Dollars)

(Unaudited)

	Note	Three months ended June 30, 2021 \$	Three months ended June 30, 2020 \$
EXPENSES			
Depreciation	4	(3,556)	(3,489)
Depreciation – Right of use asset		(17,980)	(17,981)
Exploration expenditure		(13,234)	-
Investor relations		(39,323)	(21,650)
Office and general		(95,149)	417,906
Personnel fees		(441,090)	(476,835)
Professional fees		(128,155)	(196,427)
Share-based compensation		(2,052,589)	(534,503)
Share registry, filing and listing fees		(52,181)	(57,701)
Travel and accommodation		(20,624)	999
Borrowing costs		(5,584)	-
Total Administrative Expenses		(2,869,465)	(889,681)
REVENUE			
Interest Income		125	94
Change in fair value of financial instrument		(228,000)	-
Other Income		604,760	31,158
Gain on sale of asset		-	-
Change in fair value of warrant liability		5,722,732	-
Net gain on foreign exchange		18,877	-
Net profit/(loss) and comprehensive profit/(loss) for the period		3,249,030	(858,429)
Basic and diluted profit/(loss) per ordinary share		2.48	(0.010)
Basic and diluted weighted average number of ordinary shares outstanding		140,471,278	87,265,289

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

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

(Expressed in Australian Dollars) (Unaudited)

	Number of Shares #	Contributed Equity \$	Deficit \$	Reserves \$	Total Equity \$
Balance at April 1, 2020	102,386,361	104,794,986	(47,879,689)	4,648,952	61,564,249
Net loss for the period	-	-	(858,429)	-	(858,429)
Share-based payment transactions	-	-	-	534,503	534,503
Tenement fees in consideration for shares	1,702,997	250,000	-	-	250,000
Consultancy fees in consideration for shares	171,479	23,338	-	-	23,338
Balance at June 30, 2020	104,260,837	105,068,324	(48,738,118)	5,183,455	61,513,661
Balance at 1 April 2020	102,386,361	104,794,986	(47,879,689)	4,648,952	61,564,249
Net profit(loss) for the year	-	-	(15,905,637)	-	(15,905,637)
Other comprehensive loss for the year	-	-	-	853,333	853,333
Transfer from reserves	-	-	26,241	(26,241)	-
Share-based payment transactions	-	-	-	1,922,219	1,922,219
Private Placement	11,362,618	6,062,683	-	186,757	6,249,440
Vested RSU's	2,937,500	535,950	-	(535,950)	-
Shares in consideration for fees	837,997	323,740	-	-	323,740
Shares in consideration for assets	1,702,997	250,000	-	-	250,000
Exercise of options and warrants	1,525,000	353,963	-	-	353,963
Bonus Shares	3,612,726	1,204,053	-	-	1,204,053
Issue Shares upon Convertible Notes Conversion	15,248,936	6,856,723	-	-	6,856,723
Share issuance costs	-	(1,039,393)	-	-	(1,039,393)
Balance at March 31, 2021	139,614,135	119,342,705	(63,759,085)	7,049,070	62,632,690
Balance at April 1, 2021	139,614,135	119,342,705	(63,759,085)	7,049,070	62,632,690
Net profit/(loss) for the period	-	-	3,477,029	-	3,477,029
Other comprehensive loss for the period	-	-	-	(228,000)	(228,000)
Share-based payment transactions	-	-	-	2,052,589	2,052,589
Exercise of options and warrants	1,000,000	293,869	-	-	293,869
Share issuance costs	-	-	-	-	-
Balance at June 30, 2021	140,614,135	119,636,574	(60,282,056)	8,873,659	68,228,177

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)

	Note	Three months ended June 30, 2021	Three months ended June 30, 2020
		\$	\$
OPERATING ACTIVITIES			
Net profit/(loss) for the period		3,249,030	(858,429)
<i>Items not involving cash:</i>			
Depreciation		3,556	3,489
Depreciation – Right of use asset		17,980	17,981
FX loss on Convertible notes		-	(867,663)
Change in fair value of warrant liability		(5,722,732)	-
Share-based compensation		2,052,589	534,503
FV adjustment on financial instrument		-	23,338
<i>Changes in non-cash working capital balances:</i>			
Accounts payable and accrued liabilities		748,220	(230,069)
Security deposits and prepayments		(60,380)	247,538
Receivables		16,584	6,894
Net Cash used in Operating Activities		304,847	(1,122,418)
INVESTING ACTIVITIES			
Government recoveries		-	-
Plant & Equipment purchases		(8,125)	-
Deferred exploration expenditures		(427,948)	(219,690)
Investment – FE Ltd **		423,000	-
Net Cash used in Investing Activities		(13,073)	(219,690)
FINANCING ACTIVITIES			
Proceeds from issuance of shares/exercise of options & warrants		293,869	-
Short-term loans		-	-
Share issue and placement costs		-	-
Principal payment of lease liability		(16,832)	(15,262)
Net Cash provided by (used in) Financing Activities		277,037	(15,262)
Change in cash and cash equivalents during period		568,811	(1,357,370)
Cash and cash equivalents, beginning of period		5,018,170	4,518,165
Cash and cash equivalents, end of period		5,586,981	3,160,795

Supplemental disclosures with respect to cash flows (Note 10)

** The Company's investment in FE Ltd has decreased on 11 May 2021 via the disposition of 13,000,000 shares. Following that, the Company holds 13,666,667 FEL shares.

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Macarthur Minerals Limited is an Australian public company listed in Canada on the TSX Venture Exchange (“TSX-V”) (symbol: MMS), Australian Securities Exchange (“ASX”) (symbol: MIO) and OTCQB Venture Market (“OTCQB”) (symbol: MMSDF). 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 lithium brine interests in the Railroad Valley, Nevada, USA.

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

- 100% of Macarthur Australia Limited, which holds the following 100% subsidiaries:
 - 100% of 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 (previously Bachelor Project 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 has continued to respond to the challenges of the Covid-19 pandemic by managing its operations and cashflows conservatively. 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 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.

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

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. These condensed interim consolidated financial statements were authorized by the Board of Directors of the Company on August 31, 2021.

MACARTHUR MINERALS LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Australian Dollars)
(Unaudited)
FOR THE THREE MONTHS ENDED JUNE 30, 2021

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, 2021, and have been consistently followed in the preparation of these condensed interim consolidated financial statements.

4. PLANT AND EQUIPMENT

	Plant & Equipment	Office Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
Year ended March 31, 2021				
Opening net book value	1,166	10,826	51,737	63,729
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation charge	(455)	(4,270)	(9,088)	(13,813)
Closing net book amount	<u>711</u>	<u>6,556</u>	<u>42,649</u>	<u>49,916</u>
At March 31, 2021				
Cost or fair value	655,381	402,861	59,325	1,117,567
Transfers	-	-	-	-
Accumulated depreciation and impairment	(654,670)	(396,305)	(16,676)	(1,067,651)
Net book amount	<u>711</u>	<u>6,556</u>	<u>42,649</u>	<u>49,916</u>
Three months ended June 30, 2021				
Opening net book value	711	6,556	42,649	49,916
Additions	3,646	4,478	-	8,124
Disposals	-	-	-	-
Transfers	(711)	711	-	-
Depreciation charge	-	(1,284)	(2,272)	(3,556)
Closing net book amount	<u>3,646</u>	<u>10,461</u>	<u>40,377</u>	<u>54,484</u>
At June 30, 2021				
Cost or fair value	657,863	408,503	59,326	1,125,692
Accumulated depreciation	(654,217)	(398,043)	(18,948)	(1,071,208)
Net book amount	<u>3,646</u>	<u>10,460</u>	<u>40,378</u>	<u>54,484</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 June 30, 2021 the Company held 100% of the outstanding and issued share capital of Macarthur Australia. Macarthur Australia's wholly owned subsidiaries MIO and MLI hold assets which include the Iron Ore Projects and Lithium Exploration Projects, respectively. Macarthur Minerals also holds 100% of Macarthur Lithium Nevada Limited ("MLiNV"), which holds a Lithium Exploration Project in Nevada.

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

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

Exploration expenditure of \$427,948 was capitalised during the period ended June 30, 2021 (12 months to 31 March 2021: \$1,295,329), as per table below.

MACARTHUR MINERALS LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Australian Dollars)
(Unaudited)
FOR THE THREE MONTHS ENDED JUNE 30, 2021

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, 2020	4,010,636	62,207,580	66,218,216
Incurred during the year			
Accommodation and camp maintenance	-	50,127	50,127
Environmental surveys	-	8,210	8,210
Other	-	34,066	34,066
Personnel and Contractors	-	227,294	227,294
Rent and rates	-	203,258	203,258
Research and reports	-	722,855	722,855
Sampling and testing	-	2,442	2,442
Tenement management and outlays	-	24,451	24,451
Travel	-	4,150	4,150
Vehicle hire	-	18,476	18,476
	-	1,295,329	1,295,329
Balance as at March 31, 2021	4,010,636	63,502,909	67,513,545
Incurred during the period			
Accommodation and camp maintenance	-	8,480	8,480
Environmental surveys	-	-	-
Other	-	6,537	6,537
Personnel and Contractors	-	65,588	65,588
Rent and rates	-	45,697	45,697
Research and reports	-	287,757	287,757
Sampling and testing	-	491	491
Tenement management and outlays	-	4,578	4,578
Travel	-	2,610	2,610
Vehicle hire	-	6,210	6,210
	-	427,948	427,948
Balance as at June 30, 2021	4,010,636	63,930,857	67,941,493

All capitalised exploration costs represent costs incurred during the exploration and evaluation phase. \$607,502 of the carrying value relates to the Lithium project.

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:

	June 30, 2021	March 31, 2021
	\$	\$
Not later than one year	1,429,394	1,368,684
Later than one year but not later than five years	4,278,160	4,088,930
	<u>5,707,554</u>	<u>5,457,614</u>

For the period ending June 30, 2021, the Company may apply for exemptions against expenditure in relation to those tenements which did not have sufficient expenditure recorded against them in the prior 12 months of their term. Exemption has and may be sought on the basis that aggregate expenditure on those tenements in prior years far exceeded the minimum required. In the event that exemption for these tenements is not granted (which the Company believes is highly unlikely), the Company may have to impair/expend 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:

	June 30, 2021	March 31, 2021
	\$	\$
Not later than one year	960,306	931,684
Later than one year but not later than five years	4,278,160	4,088,930
	<u>5,238,466</u>	<u>5,020,614</u>

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.

	June 30, 2021	March 31, 2021
Issued and fully paid ordinary shares:	\$ 119,636,574	\$ 119,342,705
Number of shares on issue:	140,614,135	139,614,135

6. CONTRIBUTED EQUITY (cont'd)

Share Compensation Plans

The Company, in accordance with the Company's Employee and Consultant Share Compensation Plans ("Plans") and the policies of the TSX-V, is authorized to grant incentive stock options ("Options"), award equity restricted share units, 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 30 September 2020, being 125,599,345 Common Shares. Both of the Plans were approved on 30 October 2020 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 (see Note 15 of the audited consolidated financial statements for the year ended March 31, 2021). For further detail on the accounting treatment of share options refer to Note 2 of the audited consolidated financial statements for the year ended March 31, 2021. During the three-month period ended June 30, 2021, 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:

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

MACARTHUR MINERALS LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Australian Dollars)
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CONTRIBUTED EQUITY (cont'd)

Share Options

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

Number of Options	Exercise Price	Expiry Date
555,000	CAD\$0.20	3 Dec 2021
1,480,000	CAD\$0.20	24 Feb 2022
500,000	AUD\$0.34	31 Dec 2022
500,000	AUD\$0.36	31 Dec 2022
500,000	AUD\$0.38	31 Dec 2022
500,000	CAD\$0.16	31 Dec 2022
500,000	CAD\$0.24	31 Dec 2022
500,000	CAD\$0.32	31 Dec 2022

The range of exercise prices for options outstanding at June 30, 2021 is CAD\$0.16 to CAD\$0.35.

The weighted average remaining contractual life for the share options as at June 30, 2021 is 1.14 years.

Restricted Share Units

During the three-month period ended June 30, 2021, 5,600,000 RSU's were issued to Directors, Consultants and an employee of the Company.

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

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

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

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

The weighted average remaining contractual life for the RSUs as at 31 March 2021 is 2.77 years. The weighted average value of RSUs issued in the year is \$0.72 (2020: \$0.52).

MACARTHUR MINERALS LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Australian Dollars)
(Unaudited)
FOR THE THREE MONTHS ENDED JUNE 30, 2021

6. CONTRIBUTED EQUITY (cont'd)

Warrants

During the three-month period ended June 30, 2021, 500,000 warrants were exercised.

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

	Three months ended June 30, 2021		Year ended March 31, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	25,777,188	\$0.60 (CAD\$0.52)	25,777,188	\$0.60 (CAD\$0.52)
Granted	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Exercised	(500,000)	\$0.86 (CAD\$0.80)	-	-
Outstanding, end of period	25,277,188	\$0.56 (CAD\$0.52)	25,277,188	\$0.55 (CAD\$0.52)
Warrants exercisable, end of period	25,277,188	\$0.56 (CAD\$0.52)	25,277,188	\$0.55 (CAD\$0.52)

Warrants outstanding at June 30, 2021, have the following exercise prices and expiry dates:

Number of warrants	Exercise Price	Expiry Date
7,928,183	CAD\$0.80	15 Dec 2021
3,563,100	CAD\$0.40	24 Sept 2021
9,684,630	CAD\$0.40	15 Dec 2021
3,029,375	CAD\$0.40	5 Aug 2022
867,291	CAD\$0.40	1 Oct 2022
204,609	CAD\$0.40	3 Nov 2022

The weighted average remaining contractual life for the warrants as at 30 June 2021 is 0.52 years. 485,400 warrants have been exercised since June 30, 2021.

Warrant Liability

During the period ended June 30, 2021, no warrants were granted. As of June 30, 2021, the Company had 25,277,188 (March 31, 2021 – 25,777,188) warrants outstanding, which are classified and accounted for as a financial liability. The value of warrant liability as at June 30, 2021 is \$4,860,240 (March 31, 2021 - \$10,582,972).

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.

7. SHARE-BASED COMPENSATION (cont'd)

The fair value calculated for options issued is expensed over their vesting period as share-based compensation in the Condensed Interim Statement of Profit and Loss and Comprehensive Income/(Loss) and a corresponding amount is recorded to reserves. Upon exercise the fair value of the options is re-classified from reserves to contributed equity. Refer to Note 6 for details of options.

8. RELATED PARTY TRANSACTIONS

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	
		June 30, 2021	June 30, 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 June 30, 2021.

Executive Directors

Joe Phillips, Managing Director

Non-Executive Directors

Cameron McCall, Non-Executive Chairman

Alan Phillips, Non-Executive Director

Andrew Suckling, Non-Executive Director

Daniel Joseph Lanskey, Non-Executive Director

Other

Andrew Bruton, CEO

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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 June 30, 2021	Short Term Employee Benefits				Post-Employment Benefits		Share Based Payments	Total
	Cash Salary & Fees	Accrued Salaries	Cash Bonus	Non-monetary benefits ^[5]	Super-annuation	Retirement Benefits	Options/RSU s	
<i>Executive Directors:</i>	\$	\$	\$	\$	\$	\$	\$	\$
C McCall	60,000	-	-	-	-	-	366,534	426,534
J Phillips	75,000	-	-	-	-	-	549,801	624,801
<i>Non-Executive Directors:</i>								
A Phillips	22,500	-	-	-	-	-	311,554	334,054
A Suckling	23,315	-	-	-	-	-	329,880	353,195
D Lanskey	17,499	-	-	-	-	-	91,633	109,132
A Bruton	105,000	-	-	-	-	-	366,534	471,534
Total	303,314	-	-	-	-	-	2,015,936	2,319,250

Remuneration accrued and payable to key management personnel as at June 30, 2021 was \$60,314.

Remuneration of each key management personnel of the Company for the period ended June 30, 2020 was as follows:

Period ending June 30, 2020	Short Term Employee Benefits				Post-Employment Benefits		Share Based Payments	Total
	Cash Salary & Fees	Accrued Salaries	Cash Bonus	Non-monetary benefits ^[5]	Super-annuation	Retirement Benefits	Options/RSU s	
<i>Executive Directors:</i>	\$	\$	\$	\$	\$	\$	\$	\$
C McCall	90,000	-	-	-	-	-	-	90,000
J Phillips	105,000	-	-	-	-	-	-	105,000
<i>Non-Executive Directors:</i>								
A Phillips	30,000	-	-	-	-	-	-	30,000
A Suckling	25,225	-	-	-	-	-	-	25,225
D Lanskey	17,499	-	-	-	-	-	-	17,499
Total	267,724	-	-	-	-	-	-	267,724

Remuneration accrued and payable to key management personnel as at June 30, 2020 was \$44,724.

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.

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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

	Three months ended June 30, 2021	Three months ended June 30, 2020
Cash paid during the period for interest	\$5,584	\$148,909

During the period ended June 30, 2021, the Company entered into the following non-cash transactions:

a) Recorded \$176,198 in deferred exploration expenditures through accounts payable.

During the period ended June 30, 2020, the Company entered into the following non-cash transactions:

b) Recorded \$99,190 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

The Company's primary exposure to credit risk is on its cash and cash equivalents. The Company limits its exposure to credit risk by maintaining its financial liquid assets with high-credit quality financial institutions.

The Company will trade only with recognised, creditworthy third parties. Credit verification procedures will be carried out when deemed necessary and receivable balances will be monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. This amount consists of Cash and cash equivalents of \$5,568,981 (March 31, 2021: \$5,018,170), Other receivables of \$1,562 (2021: \$1,837) and Security Deposits of \$156,630 (March 31, 2020: \$156,626).

The Company's receivables exclude current outstanding taxation payments recoverable from the Australian Government. These statutory amounts are excluded under Accounting Standards in the above analysis.

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

	June 30, 2021	June 30, 2020
	\$	\$
Australia	4,376,447	3,197,552
Canada	1,368,697	20,186
	5,745,173	3,217,738

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12. FINANCIAL INSTRUMENTS (Cont'd)

Currency Risk

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

Exposure to currency risk

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

	AUD \$	CAD \$	USD \$	AUD \$	CAD \$	USD \$
	June 30, 2021			March 31, 2021		
Cash and cash equivalents	4,218,284	250,920	1,117,777	3,760,807	84,245	1,173,119
Receivables	1,562	-	-	1,837	-	-
Security Deposits	156,630	-	-	156,626	-	-
	4,376,476	250,920	1,117,777	3,919,270	84,245	1,173,119
Trade and other payables	1,306,669	58,843	1,753	576,409	58,843	1,753
Employee Benefits	115,400	-	-	97,439	-	-
Warrant liability	-	4,860,240	-	-	10,582,972	-
Convertible Note liability	-	-	-	-	-	-
Lease liability	266,580	-	-	283,412	-	-
	1,688,649	4,919,083	1,753	957,260	10,641,815	1,753
Net exposure	2,687,827	(4,668,163)	1,116,024	2,962,010	(10,557,570)	1,171,366

Sensitivity analysis

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

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

	June 30, 2021		March 31, 2021	
	Profit \$	Equity \$	Profit \$	Equity \$
+/-2% in interest rates	+/--\$114,872	+/--\$114,872	+/--\$103,496	+/--\$103,496
+/-5% in \$AUD/\$CAD	+/--\$233,408	+/--\$233,408	+/--\$527,879	+/--\$527,879
+/-5% in \$AUD/\$US	+/--\$55,801	+/--\$55,801	+/--\$58,568	+/--\$58,568
+/-10% in listed investments	+/--\$69,700	+/--\$69,700	+/--\$112,000	+/--\$112,000

12. FINANCIAL INSTRUMENTS (Cont'd)

Interest rate risk

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

	June 30, 2021	March 31, 2021
	\$	\$
Interest-bearing financial instruments		
Financial assets	<u>5,743,611</u>	<u>5,174,796</u>

Financial assets are comprised of:

	June 30, 2021	March 31, 2021
	\$	\$
Cash and cash equivalents	5,586,981	5,018,170
Security deposits	156,630	156,626
	<u>5,743,611</u>	<u>5,174,796</u>

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 2021.

	Profit or loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
	\$	\$	\$	\$
June 30, 2021				
Interest-bearing financial instruments	<u>57,436</u>	<u>(57,436)</u>	<u>57,436</u>	<u>(57,436)</u>
March 31, 2021				
Interest-bearing financial instruments	<u>51,748</u>	<u>(51,748)</u>	<u>51,748</u>	<u>(51,748)</u>

13. CAPITAL MANAGEMENT

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

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

In addition to its lithium and iron ore exploration and evaluation activities, the Company will continue to assess new properties and seek to acquire an interest in additional properties if there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended June 30, 2021. The Company is not subject to externally imposed capital requirements.

14. RIGHT OF USE ASSET

a) Right of use asset

a. Variable Lease Payments

The Group maintains one property lease with no variable components.

b. Option to Extend or Terminate

The option to extend the lease is contained within the Groups leased premises and provides the Group the opportunity to manage leases in order to align with its strategies. The extension option is only exercisable by the Group, the extension option which management were reasonably certain to be exercised has been included in the calculation of the lease liability.

c. AASB 16 Related Amounts recognised in the Groups Financial Statements

i. Statement of Financial Position

Right-of-use asset	June 30, 2021	March 31, 2021
	\$	\$
Leased building	431,527	431,527
Accumulated amortisation	(191,789)	(173,809)
	239,738	257,718

ii. Statement of Profit or Loss and Other Comprehensive Income

Amortisation charge related to right-of-use asset	17,981	71,921
Interest expense on lease liabilities	3,785	17,354
Short-term lease expense	21,766	89,275

iii. Total Cash outflows

Interest expense	3,785	17,354
Principal payments	16,832	63,488
	20,617	80,842

Lease liabilities relating to the Right of Use asset are as follows:

As at June 30, 2021

	\$	\$	\$
	Within 1 year	1 to 5 years	Total
Lease liabilities	(71,618)	(194,962)	(266,580)

As at March 31, 2021

	\$	\$	\$
	Within 1 year	1 to 5 years	Total
Lease liabilities	(69,936)	(213,476)	(283,412)

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 June 30, 2021.

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

15. CONTINGENT LIABILITIES

a) Security Bonds

The Company has a contingent liability of \$56,626 for bank guarantees issued for office leasing arrangements in Brisbane and corporate credit cards and a \$100,000 bank guarantee in relation to the Memorandum of Understanding (“MOU”) with Southern Ports Authority (“SPA”) which provides a pathway for agreeing a potential access and operating solution for the export of Macarthur’s high grade magnetite iron ore product via the Port of Esperance (“Port”).

b) Supreme Court Proceedings

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

On 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 this matter remains ongoing.

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

On July 29, 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 November 5, 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.

16. SUBSEQUENT EVENTS

a) Warrants

Since June 30, 2021, 485,400 warrants have been exercised resulting in new shares being issued to the value of C\$194,360.

b) The Spin-out of Pilbara assets into Infinity Mining Limited

The Company intends to spin-out its non-iron ore assets in the Pilbara into Infinity Mining Limited (“Infinity”) and make application to list on the Australian Stock Exchange later this year, subject to exchange approvals.

Currently the Company holds an exclusive right to undertake due diligence on 10 historic gold/copper tenements in the Leonora area of the Central Goldfields region of Western Australia, held by Zanil Pty Ltd (“Zanil”).