



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

**For the Six months ended September 30, 2021**

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

## Condensed Interim Consolidated Financial Statements – September 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 November 29, 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 SEPTEMBER 30, 2021

(Expressed in Australian Dollars)

(Unaudited)

	Note	September 30, 2021	March 31, 2021
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		4,714,841	5,018,170
Receivables		276,158	98,155
Security deposits and prepayments		207,875	176,015
<b>Total current assets</b>		<b>5,198,874</b>	5,292,340
<b>Non-Current</b>			
Plant and equipment	4	46,615	49,916
Right of use asset	14	-	257,718
Investment in FE Ltd		642,333	1,120,000
Exploration and evaluation assets	5	70,363,153	67,513,545
<b>Total non-current assets</b>		<b>71,052,101</b>	68,941,179
<b>Total assets</b>		<b>76,250,975</b>	74,233,519
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables		2,262,708	637,006
Provisions		89,861	64,519
Lease liability	14	-	69,936
Warrant liability	6	1,258,193	10,582,972
<b>Total current liabilities</b>		<b>3,610,762</b>	11,354,433
<b>Non-Current</b>			
Provisions		41,460	32,920
Lease liability	14	-	213,476
<b>Total non-current liabilities</b>		<b>41,460</b>	246,396
<b>Total liabilities</b>		<b>3,652,222</b>	11,600,829
<b>Net assets</b>		<b>72,598,753</b>	62,632,690
<b>SHAREHOLDERS' EQUITY</b>			
Contributed equity	6	121,282,977	119,342,705
Reserves		8,626,628	7,049,070
Deficit		(57,310,852)	(63,759,085)
<b>Total shareholders' equity</b>		<b>72,598,753</b>	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:

**"Cameron McCall"**
Director
**"Andrew Suckling"**
Director

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

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

(Expressed in Australian Dollars)

(Unaudited)

	<b>Three months ended September 30, 2021 \$</b>	Three months ended September 30, 2020 \$	<b>Six months ended September 30, 2021 \$</b>	Six months ended September 30, 2020 \$
<b>EXPENSES</b>				
Depreciation (Note 4)	<b>(4,004)</b>	(3,488)	<b>(7,561)</b>	(6,977)
Amortisation – Right of use asset		(17,980)	<b>(17,980)</b>	(35,961)
Exploration expense	<b>14,497</b>	(45,821)	<b>1,263</b>	(45,821)
Investor relations	<b>(16,599)</b>	(56,354)	<b>(55,922)</b>	(78,004)
Office and general	<b>(116,452)</b>	(233,391)	<b>(211,600)</b>	(568,968)
Personnel fees	<b>(508,164)</b>	(1,274,280)	<b>(949,254)</b>	(1,751,115)
Professional fees	<b>(125,494)</b>	(149,086)	<b>(253,649)</b>	(345,513)
Rent	-	-	-	-
Share-based compensation	-	39,735	<b>(2,052,589)</b>	(494,768)
Share registry, filing and listing fees	<b>(106,175)</b>	(162,928)	<b>(158,356)</b>	(220,629)
Travel and accommodation	<b>(6,183)</b>	(4,121)	<b>(26,805)</b>	(3,122)
Borrowing costs	<b>(2,356)</b>	-	<b>(7,940)</b>	
<b>Total Administrative Expenses</b>	<b>(870,930)</b>	(1,907,714)	<b>(3,740,393)</b>	(3,550,878)
<b>REVENUE</b>				
Interest Income	<b>95</b>	56	<b>220</b>	150
Other Income	<b>220</b>	59,047	<b>604,980</b>	90,205
Gain on foreign exchange	<b>55,948</b>	266,727	<b>74,825</b>	1,020,211
Change in fair value of warrant liability	<b>3,602,047</b>	(10,866,716)	<b>9,324,779</b>	(10,866,716)
	<b>3,658,310</b>	(10,540,886)	<b>10,004,804</b>	(9,756,150)
<b>Profit/(Loss) for the period</b>	<b>2,787,380</b>	(12,448,600)	<b>6,264,411</b>	(13,307,028)
<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	<b>(54,666)</b>	373,333	<b>(282,666)</b>	373,333
<b>Total comprehensive gain/(loss) for the period</b>	<b>2,732,714</b>	(12,075,267)	<b>5,981,744</b>	(12,933,695)
Basic and diluted profit/(loss) per ordinary share	<b>0.0189</b>	(0.1093)	<b>0.0414</b>	(0.1214)
Basic and diluted weighted average number of ordinary shares outstanding	<b>144,427,735</b>	110,460,548	<b>144,427,735</b>	106,535,957

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 \$
<b>Balance at April 1, 2020</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 September 30, 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>
<b>Balance at 1 April 2020</b>	<b>102,386,361</b>	<b>104,794,986</b>	<b>(47,879,689)</b>	<b>4,648,952</b>	<b>61,564,249</b>
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)
<b>Balance at March 31, 2021</b>	<b>139,614,135</b>	<b>119,342,705</b>	<b>(63,759,085)</b>	<b>7,049,070</b>	<b>62,632,690</b>
<b>Balance at April 1, 2021</b>	<b>139,614,135</b>	<b>119,342,705</b>	<b>(63,759,085)</b>	<b>7,049,070</b>	<b>62,632,690</b>
Net profit/(loss) for the period	-	-	6,264,411	-	6,264,411
Other comprehensive loss for the period	-	-	-	(282,666)	(282,666)
Share-based payment transactions	-	-	-	1,860,224	1,860,224
Exercise of options and warrants	4,813,600	1,940,272	-	-	1,940,272
Disposal MLI and acquisition of Infinity Mining Ltd	-	-	183,822	-	183,822
<b>Balance at September 30, 2021</b>	<b>144,427,735</b>	<b>121,282,977</b>	<b>(57,310,852)</b>	<b>8,626,628</b>	<b>72,598,753</b>

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	Six months ended September 30, 2021	Six months ended September 30, 2020
		\$	\$
<b>OPERATING ACTIVITIES</b>			
Net profit/(loss) for the period		5,981,744	(13,307,028)
<i>Items not involving cash:</i>			
Depreciation		7,560	6,977
Depreciation – Right of use asset		17,980	35,961
FX loss on Convertible notes		-	(1,277,260)
Change in fair value of warrant liability		(9,324,779)	10,866,716
Share-based compensation		2,052,589	494,768
Bonus shares issued to Directors and employees		-	810,000
Shares in consideration for Consultancy fees		-	45,156
<i>Changes in non-cash working capital balances:</i>			
Accounts payable and accrued liabilities		1,625,703	(90,247)
Security deposits and prepayments		(31,860)	310,805
Receivables		(178,003)	13,380
Employee provisions		33,884	18,293
Other		230,930	-
<b>Net Cash used in Operating Activities</b>		<b>415,748</b>	<b>(2,072,479)</b>
<b>INVESTING ACTIVITIES</b>			
Government recoveries		-	-
Plant & Equipment purchases		(4,741)	-
Deferred exploration expenditures		(2,849,608)	(408,181)
Investment – FE Ltd **		195,000	-
<b>Net Cash used in Investing Activities</b>		<b>(2,659,349)</b>	<b>(408,181)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issuance of shares/exercise of options & warrants		1,940,272	-
Short-term loans		-	-
Share issue and placement costs		-	-
Principal payment of lease liability		-	(30,734)
<b>Net Cash provided by (used in) Financing Activities</b>		<b>1,940,272</b>	<b>(30,734)</b>
Change in cash and cash equivalents during period		(303,329)	(2,511,394)
Cash and cash equivalents, beginning of period		5,018,170	4,518,165
<b>Cash and cash equivalents, end of period</b>		<b>4,714,841</b>	<b>2,006,771</b>

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

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Macarthur Minerals Limited 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 September 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 Infinity Mining Limited (formerly Macarthur Lithium Pty Ltd (“MLI”) which holds the Macarthur Lithium Projects;
  - 100% of Macarthur Iron Ore Pty Ltd (“Macarthur Iron Ore” or “MIO”) which owns the Lake Giles Iron Ore Projects
- 100% of Macarthur Lithium Nevada Limited (incorporated in Nevada)
- 100% of Esperance Iron Ore Export Company Pty Ltd (previously Macarthur Midway Pty Ltd)
- 100% of Macarthur Marble Bar Lithium Pty Ltd (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 SIX MONTHS ENDED SEPTEMBER 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**

	<b>Plant &amp; Equipment</b>	<b>Office Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Year ended March 31, 2021</b>				
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>
<b>At March 31, 2021</b>				
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>
<b>Six months ended September 30, 2021</b>				
Opening net book value	711	6,556	42,649	49,916
Additions	3,646	-	20,750	24,396
Disposals	(711)	-	(19,425)	(20,136)
Depreciation charge	-	(4,242)	(3,319)	(7,561)
Closing net book amount	<u>3,646</u>	<u>2,314</u>	<u>40,655</u>	<u>46,615</u>
<b>At September 30, 2021</b>				
Cost or fair value	658,316	402,861	60,650	1,121,827
Accumulated depreciation	(654,670)	(400,547)	(19,995)	(1,075,212)
Net book amount	<u>3,646</u>	<u>2,314</u>	<u>40,655</u>	<u>46,615</u>

**5. EXPLORATION AND EVALUATION ASSETS**

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

At September 30, 2021 the Company held 100% of the outstanding and issued share capital of Macarthur Australia. Macarthur Australia's wholly owned subsidiary and MIO 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.

Macarthur Minerals also holds 20% of issued share capital of Infinity Mining Limited, acquired 1 August 2021.

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.



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

(Expressed in Australian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021

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

Exploration expenditure of \$2,849,608 was capitalised during the period ended September 30, 2021 (12 months to 31 March 2021: \$1,295,329), 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 March 31, 2020</b>	<b>4,010,636</b>	<b>62,207,580</b>	<b>66,218,216</b>
<b>Incurred during the year</b>			
Accommodation and camp maintenance	-	50,127	50,127
Environmental surveys	-	8,210	8,210
Other	-	34,066	34,066
Personnel and Contractors	-	227,294	227,294
Rent and rates	-	203,258	203,258
Research and reports	-	722,855	722,855
Sampling and testing	-	2,442	2,442
Tenement management and outlays	-	24,451	24,451
Travel	-	4,150	4,150
Vehicle hire	-	18,476	18,476
	-	<b>1,295,329</b>	<b>1,295,329</b>
<b>Balance as at March 31, 2021</b>	<b>4,010,636</b>	<b>63,502,909</b>	<b>67,513,545</b>
<b>Incurred during the period</b>			
Accommodation and camp maintenance	-	66,346	66,346
Environmental surveys	-	-	-
Other	-	7,295	7,295
Personnel and Contractors	-	136,927	136,927
Rent and rates	-	162,739	162,739
Research and reports	-	2,432,894	2,350,240
Sampling and testing	-	8,790	8,790
Tenement management and outlays	-	12,646	12,646
Travel	-	6,923	6,923
Vehicle hire	-	15,048	15,048
	-	<b>2,849,608</b>	<b>2,849,608</b>
<b>Balance as at 30 September 2021</b>	<b>4,010,636</b>	<b>66,352,517</b>	<b>70,363,153</b>

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

**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:

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

For the period ending September 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/expense the value of the amount capitalised to exploration and evaluation assets for those tenements.

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

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

	<b>September 30, 2021</b>	March 31, 2021
Issued and fully paid ordinary shares:	<b>\$ 121,282,977</b>	\$ 119,342,705
Number of shares on issue:	<b>144,427,735</b>	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 28 September 2021, being 144,427,735 Common Shares. Both of the Plans were approved on 28 October 2021 by the shareholders and replace the Company's previous Plans.

The exercise price of the Options is fixed by the Board at no 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 September 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:

	Six months ended September 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	500,000	\$0.87 (CAD\$0.80)	3,500,000	\$0.28 (CAD\$0.27)
Expired	-	-	(2,020,000)	\$0.23 (CAD\$0.22)
Forfeited	-	-	-	-
Exercised	(500,000)	\$0.17 (CAD\$0.16)	(1,525,000)	\$0.24 (CAD\$0.23)
Outstanding, end of period	5,035,000	\$0.26 (CAD\$0.23)	5,035,000	\$0.27 (CAD\$0.25)
Options exercisable, end of period	5,035,000	\$0.26 (CAD\$0.23)	5,035,000	\$0.27 (CAD\$0.25)

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

**Share Options**

Share options outstanding at September 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\$0.24	31 Dec 2022
500,000	CAD\$0.32	31 Dec 2022
500,000	CAD\$0.80	11 Dec 2022

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

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

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

	Six months ended September 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	<b>12,862,618</b>	<b>AUD\$0.88</b>	-	-
Granted	-	-	12,862,618	AUD\$0.88
Expired	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding, end of year	<b>12,862,618</b>	<b>AUD\$0.88</b>	12,862,618	AUD\$0.88
Options exercisable, end of year	<b>12,862,618</b>	<b>AUD\$0.88</b>	12,862,618	AUD\$0.88

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

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

	Six months ended September 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 September 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 Jun 2024

The weighted average remaining contractual life for the RSUs as at 30 Sept 2021 is 2.54 years. The weighted average value of RSUs issued in the year is \$0.98 (2020: \$0.52).

**Warrants**

During the three-month period ended September 30, 2021, 3,813,600 warrants were exercised.

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

	Six months ended September 30, 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	(4,313,600)	\$0.44 (CAD\$0.40)	-	-
Outstanding, end of period	21,463,588	\$0.60 (CAD\$0.55)	25,777,188	\$0.55 (CAD\$0.52)
Warrants exercisable, end of period	21,463,588	\$0.60 (CAD\$0.55)	25,777,188	\$0.55 (CAD\$0.52)

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

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

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

The weighted average remaining contractual life for the warrants as at 30 September 2021 is 0.55 years. No warrants have been exercised since September 30, 2021.

**Warrant Liability**

During the period ended September 30, 2021, no warrants were granted. As of September 30, 2021, the Company had 21,463,588 (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 September 30, 2021 is \$1,258,193 (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.

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	
		September 30, 2021	September 30, 2020
Esperance Iron Ore Export Company Pty Ltd	Australia	100	100
Macarthur Australia Limited	Australia	100	100
Macarthur Iron Ore Pty Ltd	Australia	100	100
Infinity Mining Limited (formerly Macarthur Lithium Pty Ltd)	Australia	100	100
Macarthur Minerals NT Pty Ltd	Australia	100	100
Macarthur Tulshyan Pty Ltd	Australia	100	100
Macarthur Marble Bar Lithium Pty Ltd	Australia	100	100
Macarthur Lithium Nevada Limited	U.S.A	100	100

\*\* Please refer to Subsequent Events Note 16.

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

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

**Key Management Personnel**

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

*Non-Executive Directors*

Cameron McCall, Chairman

Alan Phillips, Non-Executive Director

Andrew Suckling, Non-Executive Director (Independent)

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

*Executive Director*

Joe Phillips, Managing Director

*Other*

Andrew Bruton, CEO

**Details of Remuneration**

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

Period ending September 30, 2021	Short Term Employee Benefits				Post-Employment Benefits		Share Based Payments	Total
	Cash Salary & Fees	Accrued Salaries	Cash Bonus	Non- monetary benefits <sup>[5]</sup>	Super- annuation	Retirem- ent Benefits	Options/RSU s	
<i>Executive Directors:</i>	\$	\$	\$	\$	\$	\$	\$	\$
C McCall	135,000	-	-	-	-	-	366,534	501,534
J Phillips	180,000	-	-	-	-	-	549,801	729,801
<i>Non-Executive Directors:</i>								
A Phillips	45,000	-	-	-	-	-	311,554	356,554
A Suckling	47,399	-	-	-	-	-	329,880	377,279
D Lanskey	34,998	-	-	-	-	-	91,633	126,631
<i>Chief Executive Officer</i>								
A Bruton	210,000	-	-	-	-	-	366,534	576,534
<b>Total</b>	<b>652,397</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,015,936</b>	<b>2,668,332</b>

Remuneration accrued and payable to key management personnel as at September 30, 2021 was \$41,083.

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

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

Period ending September 30, 2020	Short Term Employee Benefits				Post-Employment Benefits		Share Based Payments	Total
	Cash Salary & Fees	Accrued Salaries	Cash Bonus	Non-monetary benefits <sup>[5]</sup>	Super-annuation	Retirement Benefits	Options/RSUs	
<i>Executive Directors:</i>	\$	\$	\$	\$	\$	\$	\$	\$
C McCall	180,000	-	-	64,000	-	-	-	244,000
J Phillips	210,000	-	-	112,000	-	-	-	322,000
<i>Non-Executive Directors:</i>								
A Phillips	60,000	-	-	64,000	-	-	-	124,000
A Suckling	50,004	-	-	80,000	-	-	-	130,004
D Lanskey	34,998	-	-	64,000	-	-	-	98,998
<b>Total</b>	<b>535,002</b>	<b>-</b>	<b>-</b>	<b>384,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>919,002</b>

Remuneration accrued and payable to key management personnel as at September 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.

**9. TAX CONSOLIDATION**

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

**10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS**

	Six months ended September 30, 2021	Six months ended September 30, 2020
Cash received during the period for interest	220	150

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

- b) Recorded \$95,544 in deferred exploration expenditures through accounts payable



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**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 \$4,714,841 (March 31, 2021: \$5,018,170). Security Deposits of \$156,626 (March 31, 2021: \$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:

	<b>September 30, 2021 \$</b>	<b>March 31, 2021 \$</b>
Australia	<b>4,376,447</b>	3,919,270
Canada	<b>1,368,697</b>	1,257,363
	<b>5,745,173</b>	5,176,633

**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.

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

*Exposure to currency risk*

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

	AUD \$	CAD \$	USD \$	AUD \$	CAD \$	USD \$
	September 30, 2021			March 31, 2021		
Cash and cash equivalents	3,277,772	98,764	1,338,303	3,760,807	84,245	1,173,119
Receivables	562	-	-	1,837	-	-
Security Deposits	156,626	-	-	156,626	-	-
	<b>3,434,960</b>	<b>98,764</b>	<b>1,338,303</b>	<b>3,919,270</b>	<b>84,245</b>	<b>1,173,119</b>
Trade and other payables	2,203,866	58,843	-	576,409	-	1,753
Employee Benefits	131,321	-	-	97,439	-	-
Convertible Note liability	-	-	-	483,412	-	-
Lease liability	-	-	-	1,157,260	-	-
	<b>2,335,187</b>	<b>58,843</b>	<b>-</b>	<b>1,157,260</b>	<b>10,641,815</b>	<b>1,753</b>
Net exposure	<b>5,770,147</b>	<b>157,607</b>	<b>1,338,303</b>	<b>5,076,530</b>	<b>10,726,060</b>	<b>1,174,872</b>

*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.

	September 30, 2021		March 31, 2021	
	Profit \$	Equity \$	Profit \$	Equity \$
+/-2% in interest rates	+/- \$65,555	+/- \$65,655	+/- \$103,496	+/- \$103,496
+/-5% in \$AUD/\$CAD	+/- \$163,889	+/- \$163,889	+/- \$527,879	+/- \$527,879
+/-5% in \$AUD/\$US	+/- \$66,915	+/- \$66,915	+/- \$58,568	+/- \$58,568
+/-10% in listed investments	+/- \$64,233	+/- \$64,233	+/- \$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:

	<b>September 30, 2021</b>	<b>March 31, 2021</b>
	\$	\$
<b>Interest-bearing financial instruments</b>		
Financial assets	<u>4,871,841</u>	<u>5,174,796</u>

Financial assets are comprised of:

	<b>September 30, 2021</b>	<b>March 31, 2021</b>
	\$	\$
Cash and cash equivalents	4,714,841	5,018,170
Security deposits	<u>156,626</u>	<u>156,626</u>
	<u><b>4,871,467</b></u>	<u><b>5,174,796</b></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.

	<b>Profit or loss</b>		<b>Equity</b>	
	<b>100bp increase</b>	<b>100bp decrease</b>	<b>100bp increase</b>	<b>100bp decrease</b>
	\$	\$	\$	\$
<b>September 30, 2021</b>				
Interest-bearing financial instruments	<u>48,715</u>	<u>(48,715)</u>	<u>48,715</u>	<u>(48,715)</u>
<b>March 31, 2021</b>				
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 September 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

	September 30, 2021 \$	March 31, 2021 \$
Right-of-use asset		
Leased building	431,527	431,527
Accumulated amortisation	<u>(431,527)</u>	<u>(173,809)</u>
	-	<u>257,718</u>

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	<u>3,785</u>	<u>17,354</u>
Short-term lease expense	<u>21,766</u>	<u>89,275</u>

iii. Total Cash outflows

Interest expense	3,785	17,354
Principal payments	<u>44,385</u>	<u>63,488</u>
	<u>48,170</u>	<u>80,842</u>

The property lease expired as at 30 Sept 2021 and is now on a month to month agreement.

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

**As at September 30, 2021**

	\$ Within 1 year	\$ 1 to 5 years	\$ Total
Lease liabilities	-	-	-

**As at March 31, 2021**

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

#### **14. RIGHT OF USE ASSET (cont'd)**

##### **b) Exploration expenditures**

Certain future exploration expenditures are required to be undertaken by the Company as a minimum retention for exploration permits. These expenditures were set out in Note 5 to the condensed interim consolidated financial statements for the period ended September 30, 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.

#### **16. SUBSEQUENT EVENTS**

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

Since September 30, 2021, 150,000 stock options have been exercised resulting in new shares being issued to the value of C\$30,000.

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

On August 3, 2021, Macarthur announced that CPS Corporate Advisors (CPS) had been appointed as the lead Broker for the proposed spin out of the Company's Pilbara gold, copper and lithium tenements (Pilbara Assets). The Company's wholly owned subsidiary Macarthur Lithium Pty Ltd, which holds the Company's Pilbara Assets was converted to a public company and renamed Infinity Mining Limited (Infinity). Under the agreement with CPS, Infinity proposes to undertake an initial public offering (IPO) and make application for listing on the Australian Securities Exchange (ASX) in the coming months.

On September 14, 2021, the Company announced that it received in-principle advice on suitability from the ASX which will enable Infinity Mining Limited to advance plans for its listing on the ASX before the end of 2021. On October 5, 2021, the Company's holding of Infinity changed from 100% to 60.07%. On October 14, 2021, the Company announced it had closed its pre-offer capital raise for Infinity for A\$1.5 million prior to its intended IPO on ASX and that Infinity has completed a short but detailed programme of soil sampling over the Hillside tenements, to inform and support drill targeting for a more extensive exploration campaign during the 2022 field season.

On October 21, 2021, the Company announced that Infinity entered into a Sale and Purchase Agreement with Zanyl Pty Ltd (Zanyl) and Alec Charles Pointon (Pointon) to acquire 100% of the Central Goldfields tenements, situated in and around the Leonora region, approximately 220km north of Kalgoorlie in Western Australia. The vending of the Central Goldfields tenements into Infinity under the Sale and Purchase Agreement is a key component of the planned listing of Infinity on the ASX this year. An

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

analytical table of the Central Goldfields tenements and the key terms of the Sale and Purchase Agreement may be found in the Company's news release dated October 21, 2021.

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

**c) *Board Update***

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