



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

**For the Nine months ended December 31, 2021**

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

## Condensed Interim Consolidated Financial Statements – December 31, 2021

<b>Contents</b>	<b>Page</b>
Condensed Interim Consolidated Statement of Financial Position	3
Condensed Interim Consolidated Statement of Profit and Loss and Other Comprehensive Income/(Loss)	4
Condensed Interim Consolidated Statement of Changes in Shareholders' Equity	5
Condensed Interim Consolidated Statement of Cash Flows	6
Notes to the Condensed Interim Consolidated Financial Statements	7-23

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 February 28, 2022. The directors have the power to amend and reissue the financial report.

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

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

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

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

AS AT DECEMBER 31, 2021

(Expressed in Australian Dollars)

(Unaudited)

	Notes	December 31, 2021	March 31, 2021
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents*	10,16(b)	11,014,696	5,018,170
Receivables		306,204	98,155
Security deposits and prepayments		363,456	176,015
<b>Total current assets</b>		<b>11,684,356</b>	<b>5,292,340</b>
<b>Non-Current</b>			
Plant and equipment	4	46,534	49,916
Right of use asset	14	-	257,718
Investment in FE Ltd		-	1,120,000
Exploration and evaluation assets*	5,16(b)	77,594,444	67,513,545
<b>Total non-current assets</b>		<b>77,640,978</b>	<b>68,941,179</b>
<b>Total assets</b>		<b>89,325,334</b>	<b>74,233,519</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables		1,608,014	637,006
Provisions		102,603	64,519
Lease liability	14	-	69,936
Warrant liability	6	248,554	10,582,972
<b>Total current liabilities</b>		<b>1,959,171</b>	<b>11,354,433</b>
<b>Non-Current</b>			
Provisions		43,452	32,920
Lease liability	14	-	213,476
<b>Total non-current liabilities</b>		<b>43,452</b>	<b>246,396</b>
<b>Total liabilities</b>		<b>2,002,623</b>	<b>11,600,829</b>
<b>Net assets</b>		<b>87,322,711</b>	<b>62,632,690</b>
<b>SHAREHOLDERS' EQUITY</b>			
Contributed equity*	16(b)	134,928,329	119,342,705
Reserves		7,334,317	7,049,070
Deficit		(54,939,935)	(63,759,085)
<b>Total shareholders' equity</b>		<b>87,322,711</b>	<b>62,632,690</b>

Nature and continuance of operations (Note 1)

Contingent liabilities (Note 15)

Subsequent events (Note 16)

On behalf of the Board of Directors:

"Cameron McCall"

Director

"Andrew Suckling"

Director

\*Cash, Tenements and Share Capital relating to Infinity Mining Limited are included in the above balances, refer to Statement of Cashflows, Note 5 Exploration and evaluation assets, Note 10 Supplemental Disclosures With Respect To Cash Flows, and Note 16(b) Subsequent Events -Repositioning of Non-Iron Ore Pilbara Assets

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 NINE MONTHS ENDED DECEMBER 31, 2021**

(Expressed in Australian Dollars)

(Unaudited)

	Three months ended December 31, 2021	Three months ended December 31, 2020	Nine months ended December 31, 2021	Nine months ended December 31, 2020
	\$	\$	\$	\$
<b>EXPENSES</b>				
Depreciation (Note 4)	(10,231)	(3,955)	(17,792)	(10,932)
Amortisation – Right of use asset	-	-	(17,980)	(35,961)
Exploration expense	(230,934)	(59,539)	(229,671)	(105,360)
Investor relations	(57,528)	(42,016)	(113,450)	(120,020)
Office and general	(125,191)	(139,255)	(336,791)	(708,222)
Personnel fees	(473,595)	(440,080)	(1,422,849)	(2,191,195)
Professional fees	(329,840)	(176,271)	(583,489)	(521,784)
Rent	(35,215)	-	(35,215)	-
Share-based compensation	1,823,918	(453,339)	(228,671)	(948,107)
Share registry, filing and listing fees	(91,831)	(115,007)	(250,187)	(335,636)
Travel and accommodation	(4,256)	(11,262)	(31,061)	(14,384)
Borrowing costs	(1,640)	-	(9,580)	-
<b>Total Administrative Expenses</b>	<b>(463,657)</b>	<b>(1,440,724)</b>	<b>(3,276,736)</b>	<b>(4,991,601)</b>
<b>REVENUE</b>				
Interest Income	166	66	386	216
Other Income	-	14,058	604,980	104,263
Gain on foreign exchange	(7,810)	(102,821)	67,015	917,389
Change in fair value of warrant liability	(3,186,560)	3,112,197	6,138,219	(7,754,519)
	<b>(3,194,204)</b>	<b>3,023,500</b>	<b>6,810,600</b>	<b>(6,732,651)</b>
<b>Profit/(Loss) for the period</b>	<b>(2,730,547)</b>	<b>1,582,776</b>	<b>3,533,864</b>	<b>(11,724,252)</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	(232,333)	426,667	(515,000)	800,000
<b>Total comprehensive gain/(loss) for the period</b>	<b>(2,962,880)</b>	<b>2,009,443</b>	<b>3,018,864</b>	<b>(10,924,252)</b>
Basic and diluted profit/(loss) per ordinary share	(0.0117)	0.0144	0.0119	(0.0944)
Basic and diluted weighted average number of ordinary shares outstanding	253,953,259	139,948,189	253,953,259	115,755,209

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	-	-	(11,724,252)	-	(11,724,252)
Share-based payment transactions	-	-	-	948,107	948,107
Other comprehensive income for the period	-	-	-	800,000	800,000
Shares in consideration for Consultancy fees	837,997	324,606	-	-	324,606
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
Private placement	11,362,618	6,249,440	-	-	6,249,440
Exercise of options and warrants	525,000	85,731	-	-	85,731
Vested RSU's	2,937,500	535,950	-	(535,950)	-
Share issuance costs	-	(1,039,392)	-	-	(1,039,392)
<b>Balance at Dec 31, 2020</b>	<b>138,001,409</b>	<b>118,868,044</b>	<b>(59,603,941)</b>	<b>5,861,109</b>	<b>65,125,212</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	-	-	3,533,864	-	3,533,864
Other comprehensive loss for the period	-	-	-	(515,000)	(515,000)
Share-based payment transactions	-	-	-	800,247	800,247
Exercise of options and warrants	5,526,702	2,149,436	-	-	2,149,436
*IML IPO	65,000,000	11,500,000	-	-	11,500,000
*IML Shares in consideration for brokerage services	1,250,000	1,250	-	-	1,250
*IML Shares in consideration for purchase of assets.	20,000,000	4,000,000	-	-	4,000,000
Adjustment to retained earnings	-	-	5,285,286	-	5,285,286
Infinity Mining Ltd Investment in MAL	22,562,422	-	-	-	-
Cost of Share Capital	-	(2,065,062)	-	-	(2,065,062)
<b>Balance at Dec 31, 2021</b>	<b>253,953,259</b>	<b>134,928,329</b>	<b>(54,939,935)</b>	<b>7,334,317</b>	<b>87,322,711</b>

\*These figures relate to the spin out of Infinity Mining Limited, and the non-iron Pilbara Assets.

Refer Note 5 Exploration and evaluation assets, Note 10 Supplemental Disclosures With Respect To Cash Flows, and Note 16(b) Subsequent Events.

On 1 January 2022, Infinity Mining Limited exited the Macarthur Minerals Consolidated Group. For the financial year end 31 March 2022, Infinity Mining will be accounted for and reflected as an associate of the Macarthur Minerals Group.

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)

	Nine months ended December 31, 2021	Nine months ended December 31, 2020
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net profit/(loss) for the period	3,533,864	(11,724,252)
<i>Items not involving cash:</i>		
Depreciation	17,791	10,932
Depreciation – Right of use asset	17,980	35,961
FX loss on Convertible notes	-	(1,277,260)
Change in fair value of warrant liability	(6,138,219)	7,754,519
Share-based compensation	228,671	948,107
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	971,008	(372,210)
Security deposits and prepayments	(187,441)	283,213
Receivables	(208,049)	(51,442)
Employee provisions	48,616	18,612
Other – Non-cash prior period adjustment to warrant liability and corresponding expense.	(4,214,178)	-
<b>Net Cash used in Operating Activities</b>	<b>(5,929,957)</b>	<b>(3,518,664)</b>
<b>INVESTING ACTIVITIES</b>		
Plant & Equipment purchases	(14,410)	-
Deferred exploration expenditures*	(6,080,899)	(632,128)
Investment – FE Ltd	1,120,000	-
<b>Net Cash used in Investing Activities</b>	<b>(4,975,309)</b>	<b>(632,128)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares/exercise of options & warrants*	16,927,486	85,731
Proceeds from private placement	-	6,249,440
Short-term loans	(25,694)	-
Share issue and placement costs	-	(759,942)
Principal payment of lease liability	-	(30,734)
<b>Net Cash provided by (used in) Financing Activities</b>	<b>16,901,792</b>	<b>5,544,495</b>
Change in cash and cash equivalents during period	5,996,526	1,393,703
Cash and cash equivalents, beginning of period	5,018,170	4,518,165
<b>Cash and cash equivalents, end of period*</b>	<b>11,014,696</b>	<b>5,911,868</b>

\*Included in the referenced cashflow movement figures, are the following movements relating specifically to Infinity Mining Limited IPO:

Cash balance increase of \$9,937,395, Tenements acquisitions of \$4,400,000 and Share Capital increase of \$15,994,477. Refer: Note 5 Exploration and evaluation assets, Note 10 Supplemental Disclosures With Respect To Cash Flows, and Note 16(b) Subsequent Events.

On 1 January 2022, Infinity Mining Limited exited the Macarthur Minerals Consolidated Group, with the resulting cash balance reducing to \$1,077,301 at that time.

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 ("Pilbara Assets") 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 December 31, 2021, the Company has the following subsidiaries (who are collectively the "Group"):

- 100% of Macarthur Australia Limited ("MAL"), which holds the following 100% subsidiaries:
  - 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.

\*On admission of Infinity Mining Limited (formerly Macarthur Lithium Pty Ltd ("MLi") to the Official list of Australian Stock Exchange (ASX) which holds the Pilbara Projects, Macarthur Australia Limited holds 20.74% issued share capital in the Company and become a substantial holder.

Refer Note 5 Exploration and evaluation assets, Note 10 Supplemental Disclosures with Respect to Cash Flows, and Note 16(b) Subsequent Events -Repositioning of Non-Iron Ore Pilbara Assets.

On 1 January 2022, Infinity Mining Limited was removed from the Macarthur Minerals Group, and for the financial year ending 31 March, Infinity Mining Limited will be accounted for as an associate of Macarthur Minerals Group.

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 nine- 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 February 28, 2022.

**MACARTHUR MINERALS LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian Dollars)  
(Unaudited)  
FOR THE NINE MONTHS ENDED DECEMBER 31, 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>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>Nine months ended December 31, 2021</b>				
Opening net book value	711	6,556	42,649	49,916
Additions	2,935	30,900	-	33,835
Disposals	-	-	(19,425)	(19,425)
Depreciation charge	-	(11,529)	(6,263)	(17,792)
Closing net book amount	<u>3,646</u>	<u>25,927</u>	<u>16,961</u>	<u>46,534</u>
<b>At December 31, 2021</b>				
Cost or fair value	658,316	433,761	39,900	1,131,977
Accumulated depreciation	(654,670)	(407,834)	(22,939)	(1,085,443)
Net book amount	<u>3,646</u>	<u>25,927</u>	<u>16,961</u>	<u>46,534</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 December 31, 2021 the Company held 100% of the outstanding and issued share capital of Macarthur Australia Limited ("MAL"). MAL's wholly owned subsidiary MIO holds assets which include the Lake Giles Iron Ore Projects. The Lithium Exploration Projects and other Pilbara assets are held by Infinity Mining Limited ("Infinity"). Infinity will exit the Macarthur Minerals Consolidated Group ("Macarthur") following admission to the Official list of the ASX on 22 December 2022, resulting in Macarthur holding 20.74% of Infinity's issued share capital. Macarthur continues to hold 100% of Macarthur Lithium Nevada Limited ("MLiNV"), which holds the 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.



**MACARTHUR MINERALS LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian Dollars)  
(Unaudited)  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

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

Exploration expenditure of \$5,680,899 was capitalised during the period ended December 31, 2021 (12 months to March 31, 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	-	64,252	64,252
Environmental surveys	-	-	-
Other	-	10,829	10,829
Personnel and Contractors	-	204,938	204,938
Rent and rates	-	326,376	326,376
Research and reports	-	5,019,504	5,019,504
Sampling and testing	-	9,217	9,217
Tenement acquisitions	4,400,000	-	4,400,000
Tenement management and outlays	-	18,683	18,683
Travel	-	7,054	7,054
Vehicle hire	-	20,046	20,046
	<b>4,400,000</b>	<b>5,680,899</b>	<b>10,080,899</b>
<b>Balance as at December 31, 2021</b>	<b>8,410,636</b>	<b>69,183,808</b>	<b>77,594,444</b>

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

**MACARTHUR MINERALS LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian Dollars)  
(Unaudited)  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

**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>December 31, 2021</b>	March 31, 2021
	\$	\$
Not later than one year	<b>1,483,813</b>	1,368,684
Later than one year but not later than five years	<b>3,755,124</b>	4,088,930
	<b><u>5,238,937</u></b>	<u>5,457,614</u>

For the period ending December 31, 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 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>December 31, 2021</b>	March 31, 2021
	\$	\$
Not later than one year	<b>934,995</b>	931,684
Later than one year but not later than five years	<b>3,755,124</b>	4,088,930
	<b><u>4,690,118</u></b>	<u>5,020,614</u>

**MACARTHUR MINERALS LIMITED**  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Australian Dollars)  
(Unaudited)  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

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**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>December 31, 2021</b>	March 31, 2021
Issued and fully paid ordinary shares:	<b>\$ 134,928,329*</b>	\$ 119,342,705
Number of shares on issue:	<b>253,953,259*</b>	139,614,135

\* Includes \$15,994,477 in shares on issue for IML

**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 September 28, 2021, being 144,427,735 Common Shares. Both of the Plans were approved on October 27, 2021 by the shareholders at the Company's Annual General Meeting and replace the Company's previous Plans.

**Share Options**

The exercise price of the Options is fixed by the Board at no lesser than the discounted market price (as defined under the TSX-V Company Manual) of the shares on the grant date, subject to all applicable regulatory requirements. Options under the Plans can be granted for a maximum term of 5 years and may be subject to vesting criteria as determined by the Board.

The fair value of all issued Options is measured and expensed as share-based compensation at the grant date if they are fully vested upon granting, otherwise the fair value is expensed over the vesting period. A corresponding increase is recorded to reserves.

**MACARTHUR MINERALS LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian Dollars)  
(Unaudited)  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

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

**Share Options – Employees and Consultants**

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

	Nine months ended December 31, 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	(99,448)	\$0.22 (CAD\$0.20)	-	-
Exercised	(980,552)	\$0.20 (CAD\$0.18)	(1,525,000)	\$0.24 (CAD\$0.23)
Outstanding, end of period	4,455,000	\$0.26 (CAD\$0.24)	5,035,000	\$0.27 (CAD\$0.25)
Options exercisable, end of period	4,455,000	\$0.26 (CAD\$0.24)	5,035,000	\$0.27 (CAD\$0.25)

Share options for employees and consultants outstanding at December 31, 2021 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
1,455,000	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 December 31, 2021 is CAD\$0.20 to CAD\$0.80.

The weighted average remaining contractual life for the share options as at December 31, 2021 is 0.67 years.

Since December 31, 2021, 612,551 Options were exercised and 842,349 forfeited and expired.

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

(Expressed in Australian Dollars)

(Unaudited)

FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

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

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

	Nine months ended December 31, 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

**Share Options – Private Placement**

Share options under private placement outstanding at December 31, 2021 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
5,137,382	AUD\$0.90	26 Oct 2022
6,225,236	AUD\$0.90	2 Nov 2022
1,500,000	AUD\$0.75	12 Nov 2022

**MACARTHUR MINERALS LIMITED**  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Australian Dollars)  
(Unaudited)  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

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

**Restricted Share Units**

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

	Nine months ended December 31, 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	(450,000)	\$0.88 (CAD\$0.81)	(612,500)	\$0.43 (CAD\$0.41)
Expired	-	-	(1,176,471)	\$0.84 (CAD\$0.80)
Outstanding, end of period	8,432,500	\$0.89 (CAD\$0.82)	3,282,500	\$0.72 (CAD\$0.68)

RSUs outstanding at December 31, 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
2,082,500	CAD\$0.70	19 Jan 2024
5,350,000	CAD\$0.90	11 Jun 2024

The weighted average remaining contractual life for the RSUs as at December 31, 2021 is 2.29 years.

**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.

**MACARTHUR MINERALS LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian Dollars)  
(Unaudited)  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

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

**Warrants**

During the nine-month period ended December 31, 2021, 4,546,150 warrants were exercised and 17,129,763 warrants expired.

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

	Nine months ended December 31, 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	(17,129,763)	\$0.64 (CAD\$0.59)	-	-
Exercised	(4,546,150)	\$0.43 (CAD\$0.40)	-	-
Outstanding, end of period	4,101,275	\$0.43 (CAD\$0.40)	25,777,188	\$0.60 (CAD\$0.52)
Warrants exercisable, end of period	4,101,275	\$0.43 (CAD\$0.40)	25,777,188	\$0.60 (CAD\$0.52)

Warrants outstanding at December 31, 2021, have the following exercise prices and expiry dates:

Number of warrants	Exercise Price	Expiry Date
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 December 31, 2021 is 0.64 years. No warrants have been exercised since December 31, 2021.

**Warrant Liability**

During the period ended December 31, 2021, no warrants were granted. As of December 31, 2021, the Company had 4,101,275 (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 December 31, 2021 is \$248,554 (March 31, 2021 - \$10,582,972).

**MACARTHUR MINERALS LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian Dollars)  
(Unaudited)  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

**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	
		December 31, 2021	December 31, 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	20.74	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

\*\* Refer to Subsequent Events Note 16. Note adjustments for the non-controlling interest in Infinity Mining Limited will be made in the full year accounts ended 31 March 2022.

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.

On 1 January 2022, Infinity Mining Limited ("IML") exited the Macarthur Minerals Consolidated Group and, for the financial year end 31 March 2022, IML will be accounted for as an associate of Macarthur Minerals Group.



**MACARTHUR MINERALS LIMITED**  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Australian Dollars)  
(Unaudited)  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

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

**Key Management Personnel**

The following persons were key management personnel of the Company during the period ending December 31, 2021.

*Non-Executive Directors*

Cameron McCall, Chairman

Alan Phillips, Non-Executive Director

Andrew Suckling, Independent Director

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

*Executive Director*

Joe Phillips, Managing Director

*Other*

Andrew Bruton, CEO

**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**

	<b>Nine months ended December 31, 2021</b>	Nine months ended December 31, 2020
Cash paid during the period for interest	<u>386</u>	<u>396,944</u>

During the period ended December 31, the Company entered into the following non-cash transactions:

- a) Recorded \$709,388 (2020: \$93,568) in deferred exploration expenditures through accounts payable.

**MACARTHUR MINERALS LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian Dollars)  
(Unaudited)  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

**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 \$11,014,696 (March 31, 2021: \$5,018,170) and Security Deposits of \$156,638 (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:

	December 31, 2021 \$	March 31, 2021 \$
Australia	9,897,125	3,919,270
Canada	1,580,413	1,257,363
	<u>11,477,538</u>	<u>5,176,633</u>

**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 \$
	December 31, 2021			March 31, 2021		
Cash and cash equivalents	9,434,283	1,208,947	371,466	3,760,807	84,245	1,173,119
Receivables	23,799	-	-	1,837	-	-
Security Deposits	156,638	-	-	156,626	-	-
	<u>9,614,720</u>	<u>1,208,947</u>	<u>371,466</u>	<u>3,919,270</u>	<u>84,245</u>	<u>1,173,119</u>
Trade and other payables	1,548,811	59,058	145	576,409	58,843	1,753
Employee Benefits	146,055	-	-	97,439	-	-
Warrant liability	-	248,554	-	-	10,582,972	-
Lease liability	-	-	-	283,412	-	-
	<u>1,694,866</u>	<u>307,612</u>	<u>145</u>	<u>957,260</u>	<u>10,641,815</u>	<u>1,753</u>
Net exposure	<u>7,919,854</u>	<u>901,335</u>	<u>371,321</u>	2,962,010	(10,557,570)	1,171,366

**MACARTHUR MINERALS LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian Dollars)  
(Unaudited)  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

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

*Sensitivity analysis*

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

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

	December 31, 2021		March 31, 2021	
	Profit \$	Equity \$	Profit \$	Equity \$
+/-2% in interest rates	+/--\$223,427	+/-223,427	+/--\$103,496	+/--\$103,496
+/-5% in \$AUD/\$CAD	+/--\$57,494	+/-57,494	+/-527,879	+/-527,879
+/-5% in \$AUD/\$US	+/--\$18,566	+/-18,566	+/-58,568	+/-58,568
+/-10% in listed investments	Nil	Nil	+/--\$112,000	+/--\$112,000

***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:

	December 31, 2021 \$	March 31, 2021 \$
<b>Interest-bearing financial instruments</b>		
Financial assets	<u>11,171,334</u>	<u>5,174,796</u>
Financial assets are comprised of:		
Cash and cash equivalents	11,014,696	5,018,170
Security deposits	<u>156,638</u>	<u>156,626</u>
	<u>11,171,334</u>	<u>5,174,796</u>

**MACARTHUR MINERALS LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian Dollars)  
(Unaudited)  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

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

*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 \$
<b>December 31, 2021</b>				
Interest-bearing financial instruments	111,713	(111,713)	111,713	(111,713)
Interest-bearing financial instruments	51,748	(51,748)	51,748	(51,748)

**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 December 31, 2021. The Company is not subject to externally imposed capital requirements.

**MACARTHUR MINERALS LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian Dollars)  
(Unaudited)  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

**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

	December 31, 2021 \$	March 31, 2021 \$
Right-of-use asset		
Leased building	431,527	431,527
Accumulated amortisation	(431,527)	(173,809)
	-	257,718

ii. Statement of Profit or Loss and Other Comprehensive Income

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

iii. Total Cash outflows

Interest expense	-	17,354
Principal payments	-	63,488
	-	80,842

The property lease expired on September 30, 2021 and is currently on a month to month agreement.

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

**As at December 31, 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)	(283,412)

**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 December 31, 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.

On December 15, 2021, LPD and Macarthur entered into a Settlement Agreement, according to which LPD will discontinue the New Proceedings against Macarthur and pay Macarthur costs of the New Proceedings fixed in the amount of \$75,000.

**16. SUBSEQUENT EVENTS**

**a) Stock Options**

Since December 31, 2021, 612,651 stock options have been exercised resulting in new shares being issued to the value of C\$122,530.

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

On August 3, 2021, Macarthur announced that CPS Corporate Advisors (CPS) was appointed as the lead Broker for the 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 undertook an initial public offering (IPO) and made application for listing on the Australian Securities Exchange (ASX).

On September 14, 2021, the Company announced that it received in-principle advice on suitability from the ASX which enabled Infinity Mining Limited to advance plans for its listing on the ASX before the end of 2021. On October 14, 2021, the Company announced that Infinity closed its pre-offer capital raise 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.

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

On October 21, 2021, the Company announced that Infinity entered into a Sale and Purchase Agreement (SPA) with Zanil Pty Ltd (Zanil) 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 listing of Infinity on the ASX. An analytical table of the Central Goldfields tenements and the key terms of the Sale and Purchase Agreement are in the Company's news release dated October 21, 2021<sup>1</sup>. The SPA was completed on December 9, 2021 and Infinity is in the process of submitting all necessary forms and documentation to be registered as holder of the granted Central Goldfields tenements.

On November 5, 2021, the Offer to subscribe for shares in the IPO of Infinity under its Prospectus dated 28 October 2021, opened and successfully closed on November 19, 2021 with maximum subscriptions accepted for 50,000,000 ordinary shares for a total consideration of A\$10,000,000. On 20 December 2021, Infinity Mining Limited under the Australian Stock Exchange (ASX) ticker IMI was admitted to the Official list of ASX and commenced trading on 22 December 2022 at 3.00pm AEDT<sup>2</sup>. Following official listing on the ASX, Infinity will exit the Macarthur Minerals Consolidated Group. Macarthur Australia Limited (MAL), a wholly owned subsidiary of Macarthur, as a Seed Capitalist owns 20.74% of Infinity and therefore has become a substantial shareholder.

The Condensed Interim Consolidated Statement of Financial Position and as at 31 December 2021 and, the Condensed Interim Consolidated Statement of Cash Flows for the period ended 31 December 2021 include the following movements related to the Infinity Mining Limited (IML), IPO:

- Cash balance increase of \$9,937,395
- Exploration and Evaluation Assets increase through tenement acquisitions of \$4,400,000
- Share capital increase of \$15,994,477

On 1 January 2022 IML exited the Macarthur Minerals Consolidated Group with the resulting cash balance at that date reducing to \$1,077,301.

For the financial year end 31 March 2022, IML will be accounted for as an associate of Macarthur Minerals Group.

**c) Board and Auditors update**

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

On October 28, 2021, the Company announced the appointment of RSM Australia Partners to act as Auditor of the company as approved by shareholders effective from the Annual General Meeting held on 27 October 2021.

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1 News release dated October 21, 2021.  
2 News release dated December 22, 2021