



**MACARTHUR**  
Minerals

## **Appendix 4D For the Half Year Ended 30 September 2022**

### **Contents**

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

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

The documents contained within this report comprise the information required by listing rule 4.2A and should be read in conjunction with the Company's 2022 Annual Report.

Macarthur Minerals Limited  
ACN 103 011 436

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

**Interim Report****For the half-year ended 30 September 2022**

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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 4.

The financial report was authorised for issue by the directors on 25 November 2022. The directors have the power to amend and reissue the financial report.

## Directors' Report

Your directors submit their report for the half-year ended 30 September 2022 for the Group incorporating Macarthur Minerals Limited ("Company" or "Macarthur Minerals") and the entities that it controlled during the half-year ("Group").

### CURRENCY

Amounts in this report and the accompanying financial report are presented in Australian dollars unless otherwise stated. Amounts in this report have been rounded off to the nearest dollar in accordance with the Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission.

### DIRECTORS

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

The following persons were Directors of the Company during the period ended 30 September 2022.

*Non-Executive Directors*

Alan Phillips, Non-Executive Director

Andrew Suckling, Non-Executive Director (Independent)

Ryan Welker, Non-Executive Director (Independent) (appointed on 1 September 2022)

*Executive Director*

Cameron McCall, Executive Chairman and CEO

Joe Phillips, Managing Director (retired on 31 August 2022)

### CORPORATE INFORMATION

#### Corporate Structure

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

#### Nature and Continuance of Operations

Macarthur Minerals Limited 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). The Company has three iron ore projects in the Yilgarn region of Western Australia. The Company also has two exploration project areas in the Pilbara, Western Australia targeting iron ore. In addition, Macarthur Minerals has lithium brine interests in the Railroad Valley, Nevada, USA.

As at 30 September 2022, the Company has the following subsidiaries (collectively referred to as the "Group"):

- 100% of Macarthur Australia Limited, which holds the following 100% subsidiaries:
- 100% of Macarthur Iron Ore Pty Ltd ("Macarthur Iron Ore" or "MIO") which owns the 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 Bulk Handling Pty Ltd and its 100% subsidiary, Macarthur Tulshyan Pty Ltd.

There was no change in the nature of the Company's principal activities during the period. On 1 January 2022, Infinity Mining Limited ("IML") exited the Macarthur Minerals Consolidated Group and, effective from financial year end 31 March 2022, IML was accounted for as an associate of Macarthur Minerals Group. IML, following its own successful IPO on 19 November 2021, was separately listed on the ASX on 20 December 2021. The carrying value of the Company's investment in Infinity Mining Limited as at 30 September 2022 was \$3,951,486, representing its holding of 23,562,422 shares (21.57%) at reporting date.

The Company maintained its corporate head office and principal place of business at G03, 555 Coronation Drive, Toowong, Queensland 4066, Australia until 10 May 2022 and subsequently changed its address to Suite 1G, Building 1, Kings Row Office Park, 40 McDougall Street, Milton QLD 4064, Australia.

## OPERATING REVIEW

### Overview of the Half-Year Period

#### BACKGROUND

#### WESTERN AUSTRALIAN IRON ORE PROJECTS

##### Lake Giles Projects

Macarthur Minerals' Lake Giles Iron Ore Projects ("Lake Giles Projects") are located on mining tenements covering approximately 62 km<sup>2</sup>, 175 kilometres ("km") northwest of Kalgoorlie in Western Australia. Within the tenements, at least 33 km strike extent of outcropping banded iron formation ("BIF") occurs as low ridges, surrounded by intensely weathered and mostly unexposed granites, basalts and ultramafic rocks.

The Lake Giles Projects are situated in the Yilgarn Region of Western Australia. The Yilgarn Region is host to many significant mineral deposits that have been, or are being, mined for iron ore. The tenements cover the Yerilgee greenstone belt which is some 80 km in length and lies within the Southern Cross Province of the Yilgarn. The Lake Giles Projects are approximately 90 km from the existing Perth Kalgoorlie Railway that has a direct connection to the Port of Esperance in Western Australia, where it is intended that ore from the Projects will be shipped. Export is subject to available capacity, which is not certain. The Lake Giles Projects (comprising the Moonshine Magnetite Project and the Ularring Hematite Project) is located approximately 450 km east north-east of the coastal city of Perth, Western Australia, and approximately 115 km west of the town of Menzies. Exploration at the Ularring Hematite and Moonshine Magnetite Projects has been sufficient to allow the estimation of Mineral Resources for both projects.

##### Lake Giles Iron Project

On 12 August 2020 Macarthur Minerals released an updated Mineral Resource estimate for the Lake Giles Magnetite Project<sup>1</sup>. The Mineral Resource estimates includes Measured Resources of approximately 53.9 Mt @ 30.8% Fe, Indicated Resources of 218.7 Mt @ 27.5% Fe and Inferred Resources of 997.0 Mt @ 28.4% Fe.

The resource formed the basis of a Feasibility Study that was released to the market on 11 April 2022. The feasibility study was based on a 3 Mtpa magnetite operation incorporating the Moonshine and Moonshine North magnetite deposits. The Feasibility Study confirms the commercial viability of the Project to produce 3 Mtpa (dry basis) of high-grade magnetite concentrate over a long mine life of 25 years from Proven and Probable Ore Reserves. The key production and financial outcomes are presented in the following table 1<sup>2</sup>.

<sup>1</sup> Refer to the Company's news release dated August 12, 2020, titled "Moonshine Magnetite Resource Upgrade."

<sup>2</sup> Refer to the Company's news release dated March 21, 2022, titled "Positive Feasibility Study Results for Lake Giles Iron Project."

**Table 1. Lake Giles Iron Project – Feasibility Study Production and Financials Summary**

<b>Production</b>		
Ore mined	236.6 Mt	
Waste mined	624.9 Mt	
Total mined	861.5 Mt	
Strip ratio	2.64	
Concentrate produced	74 Mt	
Concentrate iron grade	66.1	
Plant recovery	31%	
<b>Financials</b>		
	<b>AUDm</b>	<b>USDm</b>
Sales revenue	12,614	8,956
Operating Expenses	8,116	5,672
<b>Initial Capital Expenditure</b>		
Construction capex	801.1	568.8
Mining overburden pre-strip	61.6	43.8
Total initial capital	862.7	612.5
<b>Future Capital Expenditure</b>		
Sustaining capital	203	144.1
Deferred capital - Tailings	39.8	28.3
Capitalised non-operational waste mining	355.7	252.5
Total future capital	598.0	424.6
<b>Closure Expenditure</b>		
Closure and rehabilitation	58.2	41.3
<b>Total Operating Cash Flows</b>		
	3,625	2574
<b>Taxes &amp; Royalties</b>		
Tax paid	873	620
Royalties	631	435
<b>Valuation</b>		
	<b>AUDm</b>	<b>USDm</b>
NPV (6%) Pre-tax	816	579
NPV (6%) Post-tax	443	314
IRR Pre-tax	13.0%	-
IRR Post-tax	10.1%	-

The Feasibility Study published on 21 March 2022 underpins a maiden Ore Reserve of 237 million tonnes, supporting a 25-year mine life. The independent technical report, entitled “NI 43-101 Technical Report and Feasibility Study, Lake Giles Iron Project, Menzies, Western Australia” with an issue date of 11 April 2022 was prepared in accordance with the requirements of National Instrument 43-101 (“NI 43-101”) and released to the market on 11 April 2022<sup>3</sup>. The technical report is filed under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“SEDAR”) website at [www.sedar.com](http://www.sedar.com) (filing date: 11 April 2022) and on the Company’s website at [www.macarthurminerals.com](http://www.macarthurminerals.com). The Mineral Reserves are presented in Table 2.

<sup>3</sup> Refer to the Company’s news release dated April 11, 2022, titled “Technical Report for Lake Giles iron Project Feasibility Study.”

**Table 2. Mineral Reserves – Lake Giles Iron Project, Moonshine and Moonshine North, DTR >15%**

Category	Tonnes (Mt)	Head Grades (%)					Concentrate Grades (%)					
		Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P	LOI	DTR	Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P	LOI
<i>Moonshine</i>												
Proven	34.2	28.1	51.6	1.2	0.04	1.7	30.5	65.9	6.8	0.15	0.02	-0.6
Probable	166.4	27.2	51.9	1.4	0.05	1.4	30.7	66.6	6.2	0.11	0.02	0.0
<b>Sub-total</b>	<b>200.6</b>	<b>27.4</b>	<b>51.9</b>	<b>1.4</b>	<b>0.05</b>	<b>1.4</b>	<b>30.6</b>	<b>66.5</b>	<b>6.3</b>	<b>0.12</b>	<b>0.02</b>	<b>-0.1</b>
<i>Moonshine Nth</i>												
Proven	17.8	35.4	35.4	2.2	0.06	4.2	34.3	66.5	5.0	0.32	0.03	-0.9
Probable	18.2	30.4	44.7	1.3	0.05	2.9	35.9	63.2	9.4	0.24	0.04	-0.3
<b>Sub-total</b>	<b>36.0</b>	<b>32.9</b>	<b>40.1</b>	<b>1.7</b>	<b>0.05</b>	<b>3.5</b>	<b>35.1</b>	<b>64.8</b>	<b>7.3</b>	<b>0.28</b>	<b>0.05</b>	<b>-0.6</b>
<i>Combined</i>												
Proven	51.9	30.6	46.0	1.5	0.05	2.6	31.8	66.1	6.1	0.22	0.03	-0.7
Probable	184.7	27.6	51.2	1.4	0.05	1.5	31.2	66.2	6.6	0.13	0.02	-0.1
<b>TOTAL</b>	<b>236.6</b>	<b>28.2</b>	<b>50.1</b>	<b>1.4</b>	<b>0.05</b>	<b>1.8</b>	<b>31.3</b>	<b>66.2</b>	<b>6.5</b>	<b>0.15</b>	<b>0.02</b>	<b>-0.2</b>

On 26 March 2021, the Company made application for two “water search miscellaneous licenses” for the purpose of exploring for groundwater to support magnetite processing for the Lake Giles Projects. The applications cover 533 km<sup>2</sup> of the Rebecca Palaeovalley up to 35 km east of the Project. Prior to these applications, the Company engaged CGG to undertake an aerial electromagnetic (“EM”) survey of the palaeochannels as announced on 26 March 2021. The survey data will be used to define groundwater drilling targets.

### **Ularring Hematite Project**

The Ularring Hematite Project’s Mineral Resources are comprised of Indicated Mineral Resources of approximately 54.5 Mt @ 47.2% Fe and approximately 26 Mt @ 45.4% Fe Inferred Resources. The Mineral Resource estimates were prepared by CSA Global on behalf of Macarthur Minerals (NI43-101 Technical Report, 2012<sup>4</sup>) and reported in accordance with the CIM Definition Standards for Mineral Resources and Reserves 2014.

The Company has received approval to develop an iron ore mine for the Ularring Hematite Project and associated infrastructure at the project location under the *Environmental Protection Act 1986* and the *Environmental and Biodiversity Conservation Act 1999*. On 26 March 2021, the Company made application for two miscellaneous licences to support the development of a mining camp and crushing and screening operations near the Snark deposit of the Ularring Hematite Project<sup>5</sup>.

### **Ularring Hematite Project Development Activities**

The Company has made a number of material advancements in its strategy to deliver early-revenue hematite operations. A summary is set out below. The Company continues to examine options for an early production opportunity for its Ularring Hematite Project at Lake Giles, subject to a return to a supportive iron ore pricing environment for an Ularring product.

#### **1) Agreement with LAVO Hydrogen Technology Holding Pty Ltd**

On 1 June 2021 Macarthur announced that it has signed a Strategic Partnership and Collaboration Agreement (“Agreement”) with LAVO Hydrogen Technology Holding Pty Ltd (“LAVO”) to investigate the facilitation of a staged technology solution that is intended to deliver a clear carbon reduction strategy for Macarthur’s flagship Lake Giles Iron Project, with a first phased roll-out to support Macarthur’s intended early hematite DSO mining operations at Ularring Hematite Project.

<sup>4</sup> NI 43-101 Technical Report filed October 1, 2012, titled “NI 43-101 Technical Report, Macarthur Minerals Limited, Pre-Feasibility Study, Ularring Hematite Project, Western Australia.”

<sup>5</sup> Refer to the Company’s news release dated March 26, 2021, titled “Additional tenements to support groundwater drilling campaign.”

LAVO uses an innovative, patented metal hydride to produce hydrogen energy batteries. The battery system acts as a solar sponge, integrating with solar arrays to capture and store renewable energy for use when needed. The unit creates Hydrogen from water, stores the Hydrogen into LAVO's patented metal hydride and generates electricity by converting hydrogen into power.

## **2) Co-operation Agreement with Jin Sung International**

On 15 June 2021, Macarthur announced that it had entered into a Co-operation Agreement with diversified Singaporean based conglomerate Jin Sung International Pte Ltd, paving the way for a potential strategic investment into Macarthur's iron ore and non-iron ore assets.

The non-binding Co-operation Agreement sets out the terms upon which the parties intend to progress discussions on the development of a transaction involving a strategic equity investment. A potential transaction between the parties may take the form of a strategic equity investment into Macarthur's iron ore assets or non-iron ore assets, or the provision of direct project financing.

### **Treppo Grande & Mt Jackson Iron Ore Project**

On 15 February 2018, the Company's wholly owned subsidiary, Esperance Iron Ore Export Company Pty Ltd ("EIOEC") made an application for Exploration License E77/2521 for the Treppo Grande Iron Ore Project ("Treppo Grande Project"). The Treppo Grande Project covers an area of 68 km<sup>2</sup> and is located approximately 32 km west of the Lake Giles Projects. The project is also 35 km east of Mineral Resource Ltd's (MRL) Koolyanobbing Iron Ore Operations and is in close proximity to established rail infrastructure to the Port of Esperance.

This area had been held by a private exploration company wholly owned by renowned Kalgoorlie Prospector Mel Dalla-Costa for the past eight years under an Exploration License (EL77/1208). During this time, approval was granted for an exploration program of diamond drilling and geophysical mapping. The Treppo Grande Project has already benefited from flora and fauna baseline surveys indicating that the conservation values of Mt Manning are a lower priority than surrounding BIF ridges.

The Treppo Grande Project was explored in recent years for high grade hematite iron ore mineralisation. Historical exploration identified three potentially economic styles of DSO mineralisation including massive dense hematitic ironstones, specular hematite and oxidised 'Indurated Detrital Ironstone'. A drilling programme consisting of two diamond holes penetrated the hematitic ironstone at the J-Hook prospect.

Significant intercepts include 17.5m @ 65.53% Fe from 2.5 m from hole MMS002 and 40.4 m @ 55.54% Fe from 3.6 m from hole MMS001. The iron-rich mineralisation (> 55% Fe) is centered on the J-Hook prospect that contains occurrences of massive, fissile and specular hematite. The Company also has two iron ore exploration areas (E77/2543 and E77/2542) in the Yilgarn region, adding an additional 42 km<sup>2</sup> to the Company's portfolio. These tenements are adjacent to the Mt Jackson and Deception iron ore deposits owned by MRL.

The Treppo project is located within the proposed Helena and Aurora Range National Park, part of the State Government's Plan for Our Parks initiative. Following a submission process facilitated by the Department of Mines, Industry Regulation and Safety (referred to in the Company's 2022 Annual Report), on 15 August 2022 E77/2521 was refused by the Minister for Mines pursuant to the Minister's powers in section 111A of the Mining Act 1978 (WA). The Company was notified of such refusal on 16 September 2022. In the meantime, Macarthur applied for ELA 77/3004 on 2 September 2022 as a result of the decision in True Fella Pty Ltd v Pantoro South Pty Ltd [2022] WAMW 19 (True Fella).

DMIRS has asserted that the relevant area was subject to a Section 19 exemption from mining at the time of the application (although the gazette had not yet been published) and that it intends to refuse ELA 77/3004 on the basis that there is no ground available for ELA 77/3004. As at today's date, ELA 77/3004 has not yet been refused and is still pending, and the Company is making enquiries with DMIRS regarding the exemption from mining.

**WESTERN AUSTRALIAN GOLD/LITHIUM/NICKEL PROJECTS**

Macarthur and Macarthur Australia Limited, a wholly owned subsidiary of Macarthur, are the substantial holder with 21.57% holding in Infinity Mining Limited (ASX: IMI). The company holds the Pilbara Projects in the Pilbara region of Western Australia and the Central Goldfields Projects located in and around the Leonora Goldfields region in Western Australia.<sup>67</sup>

**Pilbara Projects**

During the half-year to 30 September 2022, Infinity completed a large amount of exploration work across its Pilbara tenements. The Tambourah South Project has developed into a high-priority project for Infinity, given its high prospectivity for Lithium and the current global interest in Lithium. Work at Tambourah South included:

- A helicopter reconnaissance trip to several Lithium targets.
- Geological mapping of pegmatite bodies and identification of lithium minerals lepidolite & spodumene.
- Extensive rock chip sampling of the outcropping pegmatite bodies.
- Lag sampling adjacent to the exposed pegmatites.
- Planning of an RC drilling program to test the best LCT pegmatite targets.

During the half-year Infinity also completed a drone magnetics survey at Panorama and commenced planning of a heli-EM (VTEM) survey for the Hillside, Panorama and Strelley Gorge projects (survey to be executed next period).

**Central Goldfields Projects**

During the half-year to 30 September 2022, a drone magnetic survey was flown by Infinity at four Central Goldfields projects including the Victor Bore, Coppermine, Camel and Chicago Gold Projects. Rock chip sampling programs were completed at these four projects, plus Craig's Rest and Barlow's Gully. An aircore drilling program and soil sampling program was also completed at Barlow's Gully. 3D geological modelling work commenced for the Great Northern Project and this work is on-going. Further work is being planned to follow up a number of key targets across several Central Goldfields tenements.

**WESTERN AUSTRALIAN NICKEL AND COBALT PROJECTS**

The Company has identified two areas prospective for sulphide hosted base metal deposits based on historical drill results at the Snark and Moonshine prospects, located on the Company's Lake Giles Projects in the Yilgarn, Western Australia. The Snark prospect is considered to be a highly favorable tectonic and structural setting and is well supported by surface geology featuring volcanic sequences comprising of high Mg basalts and Kambalda type komatiitic ultramafic flows in which nickel-sulfide mineralisation are hosted. The Moonshine prospect has also been identified as prospective for nickel sulphide deposits from previous drilling.

The Company has completed Moving Loop Electromagnetic ("MLEM") and Fixed-Loop Electromagnetic ("FLEM") surveys across three prospect areas: Moonshine, Snark and Clark Hill that identified numerous targets. An exploration program including drilling is planned to assess the extent and depth of mineralisation associated with these geophysical anomalies.

**NEVADA BRINE LITHIUM PROJECT****Reynolds Springs Lithium Brine Project**

The Reynolds Springs lithium brine project consists of 210 new unpatented placer mining claims covering an area of 7 square miles (18 km<sup>2</sup>) located in Railroad Valley, near the town of Carrant, in Nye County, Nevada ("Reynolds Springs Project"). The Reynolds Springs Project is located approximately 180 miles (300 km) north of Las Vegas, Nevada, and 330 miles (531 km) southeast of Tesla's new Gigafactory.

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<sup>6</sup> Refer to the Company's news release dated 27 July 2022, titled "Quarterly Activities Report for period ended 30 June 2022".

<sup>7</sup> Refer to the Company's news release dated 28 October 2022, titled "Quarterly Activities Report for period ended 30 September 2022".



A total of 206 soil samples were collected across the full extent of the Reynolds Springs Project. Lithium values in the soil samples ranged from a low of 39.3 ppm to a high of 405 ppm Li. Samples were consistently high averaging 168.3 ppm Li with 85% of samples recording over 100 ppm Li and 19% greater than 200 ppm Li. These results are considered high in comparison to the majority of non-lithium producing playas and amongst the highest we have seen outside of the Clayton Valley. In 2018 the Company completed an assessment of downhole geophysical logs for 12 – 15 abandoned oil and gas wells that are found both within (5 wells) and in the near vicinity of the project. Several zones of high conductivity were identified that are interpreted as being indicative of brine aquifers. The Company is now looking for a partner to advance exploration of this project.

## **COVID-19 IMPACTS**

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 Board remains confident that current market and the initiation of global stimulus measures provides an opportunity for the Company to advance its objectives. However, the Company will continually monitor events and adjust to circumstances as they arise. Remote working arrangements continue to operate seamlessly across interstate and international lines. Board and Management are ensuring that productivity is being optimised and that the MacArthur team remains focused on delivering outcomes.

## **SIGNIFICANT EVENTS AFTER BALANCE DATE**

### **a) Share Based compensation**

Since 30 September 2022 and up to the date of this report, 37,500 RSUs forfeited and 1,300,000 performance based stock options ("Options") granted to acquire common shares of the Company pursuant to the terms of the Company's Share Compensation Plans, of which 500,000 granted to a director of the Company with an exercise price of A\$0.40 and expire three years from the date of issue, 650,000 options granted to employees with an exercise price of A\$0.45 and expire two years from the date of issue and the remaining 150,000 options granted to a consultant with an exercise price of A\$0.50 and expire 24 months from the date of issue.

### **b) Warrants**

867,291 warrants and 204,609 warrants issued in connection with convertible notes completed by the Company in October 2019, expired on 1 October 2022 and 3 November 2022.

### **c) Options**

Since 30 September 2022 and up to the date of this report, a total of 12,862,618 options issued under the private placement completed in October 2020, expired on 26 October 2022, 2 November 2022 and 12 November 2022.

## Directors' Report (Cont'd)

### AUDITOR'S INDEPENDENCE DECLARATION

In accordance with section 307C of the Corporations Act 2001, the Directors received the attached independence declaration from the auditor of the Company on page 11.

Signed in accordance with a resolution of the Directors.



**Cameron McCall**

**Executive Chairman and CEO**  
25 November 2022



**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Macarthur Minerals Limited for the half year ended 30 September 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

**RSM AUSTRALIA PARTNERS**

**Albert Loots**  
Partner

Brisbane, QLD  
Dated: 25 November 2022

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

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**MACARTHUR MINERALS LIMITED****CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

(Expressed in Australian Dollars)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Six months ended 30 September 2022	Six months ended 30 September 2021
	\$	\$
<b>EXPENSES</b>		
Depreciation – Plant and equipment	(8,241)	(7,561)
Depreciation – Right of use assets	(28,134)	(17,980)
Exploration expenditure	(55,689)	(3,947)
Investor relations	(132,266)	(55,922)
Share of losses of associate accounted for using the equity method (Note 11)	(483,428)	-
Impairment reversal of investment in associate (Note 11)	896,550	-
Office and general expenses	(174,378)	(192,586)
Personnel costs	(1,297,790)	(949,254)
Professional fees	(441,844)	(253,649)
Share-based compensation	(1,621,157)	(207,881)
Share registry, filing and listing fees	(174,096)	(158,356)
Travel and accommodation	(107,451)	(26,807)
Borrowing costs	(11,315)	(7,940)
	<u>(3,639,239)</u>	<u>(1,881,883)</u>
<b>OTHER REVENUE</b>		
Interest Income	575	221
Other Income	148,078	591,177
Gain on foreign exchange	37,307	74,825
Change in fair value of warrant liability (Note 4)	520,350	2,842,877
	<u>706,310</u>	<u>3,509,100</u>
<b>(Loss)/profit before income tax from continuing operations</b>	<b>(2,932,929)</b>	<b>1,627,217</b>
Income tax expense	-	-
<b>Net (loss)/profit for the period from continuing operations</b>	<b>(2,932,929)</b>	<b>1,627,217</b>
Net (loss)/profit from discontinued operations (Note 10)	-	(92,596)
<b>Net (loss)/profit for the period</b>	<b>(2,932,929)</b>	<b>1,534,621</b>
<b>Other comprehensive (loss)/income Items that will not be reclassified subsequently to profit or loss:</b>		
Fair value loss on Investment at fair value through other comprehensive income	-	(282,666)
<b>Total comprehensive (loss)/income for the period</b>	<b>(2,932,929)</b>	<b>1,251,955</b>
Basic and diluted (loss)/profit per ordinary share	<b>(0.0179)</b>	0.0109
Basic and diluted weighted average number of ordinary shares	<b>163,627,258</b>	141,102,325

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

**MACARTHUR MINERALS LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(Expressed in Australian Dollars)  
AS AT 30 SEPTEMBER 2022

	Note	30 September 2022	31 March 2022
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		3,561,553	1,625,572
Trade and other receivables		172,091	221,841
Others		135,881	177,141
<b>Total current assets</b>		<b>3,869,525</b>	<b>2,024,554</b>
<b>Non-Current</b>			
Plant and equipment		73,617	40,732
Right of use asset		174,432	-
Investments accounted for using the equity method	11	3,951,486	3,384,363
Exploration and evaluation assets	3	74,053,398	73,031,754
<b>Total non-current assets</b>		<b>78,252,933</b>	<b>76,456,849</b>
<b>Total assets</b>		<b>82,122,458</b>	<b>78,481,403</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables		455,324	1,173,019
Employee benefits		102,949	93,731
Warrant liability	4	-	520,350
Lease liabilities		109,944	-
Borrowings		-	1,000,000
<b>Total current liabilities</b>		<b>668,217</b>	<b>2,787,100</b>
<b>Non-Current</b>			
Lease liabilities		70,815	-
Employee benefits		67,071	51,043
<b>Total non-current liabilities</b>		<b>137,886</b>	<b>51,043</b>
<b>Total liabilities</b>		<b>806,103</b>	<b>2,838,143</b>
<b>Net assets</b>		<b>81,316,355</b>	<b>75,643,260</b>
<b>SHAREHOLDERS' EQUITY</b>			
Contributed equity	4	127,704,354	121,772,352
Reserves	4	10,367,719	7,693,697
Accumulated losses		(56,755,718)	(53,822,789)
<b>Total shareholders' equity</b>		<b>81,316,355</b>	<b>75,643,260</b>

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)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Note	Number of Shares #	Contributed Equity \$	Accumulated losses \$	Reserves \$	Total Equity \$
<b>Balance at 1 April 2021</b>		139,614,135	119,342,705	(58,206,104)	7,049,070	68,185,671
Net profit for the period		-	-	1,534,621	-	1,534,621
Other comprehensive loss for the period		-	-	-	(282,666)	(282,666)
Share-based payment transactions		-	-	-	207,881	207,881
Exercise of options and warrants		4,813,600	583,490	-	-	583,490
<b>Balance at 30 September 2021</b>		<b>144,427,735</b>	<b>119,926,195</b>	<b>(56,671,483)</b>	<b>6,974,285</b>	<b>70,228,997</b>
<b>Balance at 1 April 2022</b>		<b>146,253,488</b>	<b>121,772,352</b>	<b>(53,822,789)</b>	<b>7,693,697</b>	<b>75,643,260</b>
Net loss for the period		-	-	(2,932,929)	-	(2,932,929)
Share-based payment transactions	4	-	-	-	2,674,022	2,674,022
Bonus shares	4	4,400,000	1,430,000	-	-	1,430,000
Share issue - Private placement <sup>[1]</sup>		15,000,000	5,309,237	-	-	5,309,237
Cost of share capital		-	(807,235)	-	-	(807,235)
<b>Balance at 30 September 2022</b>		<b>165,653,488</b>	<b>127,704,354</b>	<b>(56,755,718)</b>	<b>10,367,719</b>	<b>81,316,355</b>

<sup>[1]</sup> Private Placement funds are made up of \$7,500,000 funds from Private placement less \$2,190,763 value of 15,000,000 options attached to the Private Placement.

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

**MACARTHUR MINERALS LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Expressed in Australian Dollars)  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Note	Six months ended 30 September 2022	Six months ended 30 September 2021
		\$	\$
<b>OPERATING ACTIVITIES</b>			
Net (loss)/profit for the period		(2,932,928)	1,534,621
<i>Items not involving cash:</i>			
Depreciation - plant and equipment		8,241	7,910
Amortisation - Right of use assets		28,134	17,980
Change in fair value of warrant liability		(520,350)	(2,842,877)
Share-based compensation		1,621,157	207,881
Loss from share of associate		483,428	-
Impairment reversal of investment in associate		(896,550)	-
Change in foreign exchange - unrealised		(37,307)	-
<i>Changes in assets and liabilities:</i>			
(Decrease)/increase in trade and other payables		(680,390)	2,180,778
Increase in prepayments		-	(64,618)
Decrease/(increase) in receivables and security deposits		91,010	(178,003)
Increase in employee benefits		25,246	33,884
<b>Net Cash (used in)/from Operating Activities</b>		<b>(2,810,309)</b>	<b>897,556</b>
<b>INVESTING ACTIVITIES</b>			
Plant & Equipment purchases		(57,926)	(6,941)
Proceeds from the sale of Plant & Equipment		16,800	-
Sale of financial assets		-	195,001
Purchase of shares	11	(154,000)	-
Capitalised exploration expenditures		(1,021,644)	(2,766,959)
<b>Net Cash used in Investing Activities</b>		<b>(1,216,770)</b>	<b>(2,578,899)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issuance of shares		7,500,000	1,940,272
Share issuance costs		(515,133)	-
Payments for lease liabilities		(21,807)	(43,674)
Repayment of borrowings		(1,000,000)	-
<b>Net Cash from Financing Activities</b>		<b>5,963,060</b>	<b>1,896,598</b>
Change in cash and cash equivalents during period		1,935,981	215,255
Cash and cash equivalents, beginning of period		1,625,572	5,018,170
<b>Cash and cash equivalents, end of period</b>		<b>3,561,553</b>	<b>5,233,425</b>

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

## **MACARTHUR MINERALS LIMITED**

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

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### **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). The Company has three iron ore projects in the Yilgarn region of Western Australia. The Group also has two exploration project areas in the Pilbara, Western Australia targeting iron ore. In addition, Macarthur Minerals has lithium brine interests in the Railroad Valley, Nevada, USA.

As at 30 September 2022, the Company has the following subsidiaries (collectively referred to as the “Group”):

- 100% of Macarthur Australia Limited, which holds the following 100% subsidiaries:
- 100% of Macarthur Iron Ore Pty Ltd (“Macarthur Iron Ore” or “MIO”) which owns the 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 Bulk Handling Pty Ltd and its 100% subsidiary, Macarthur Tulshyan Pty Ltd.

There was no change in the nature of the Company’s principal activities during the period. On 1 January 2022, Infinity Mining Limited (“IML”) exited the Macarthur Minerals Consolidated Group and, effective from financial year end 31 March 2022, IML was accounted for as an associate of Macarthur Minerals Group. IML, following its own successful IPO on 19 November 2021, was separately listed on the ASX on 20 December 2021. The carrying value of the Company’s investment in Infinity Mining Limited as at 30 September 2022 was \$3,951,486, representing its holding of 23,562,422 shares (21.57%) at reporting date.

The Company maintained its corporate head office and principal place of business at G03, 555 Coronation Drive, Toowong, Queensland 4066, Australia until 10 May 2022 when it moved to Suite 1G, Building 1, Kings Row Office Park, 40 McDougall Street, Milton QLD 4064, Australia.

#### **1. BASIS OF PRESENTATION**

These general-purpose interim consolidated financial statements for the half-year reporting period ended 30 September 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Macarthur 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 half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2022, together with any public announcements made during the following half-year.

These condensed half yearly consolidated financial statements were authorised by the Board of Directors of the Company on 25 November 2022.

#### **GOING CONCERN**

The Group had net current assets of \$3,201,308 as at 30 September 2022, and raised net cash through Private Placement of \$6,984,867 during the period. The Group remains dependent on periodic capital raisings to fund its operational and exploration activities and anticipates the need to raise further capital over the next 12 months. The Company has a \$20 million undrawn equity finance facility with L1 Capital (“Facility”). The Facility is an “at call” facility which entitles the Company to issue shares to L1 Capital over 36 months under “Placement Notice(s)” which may be drawn upon and applied at the Group’s discretion to meet its operating needs and minimum financial requirements regarding its tenement obligations. The Group also has the ability to issue additional shares in terms of the Corporations Act 2001.



**MACARTHUR MINERALS LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Australian Dollars)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

The Group will continue to monitor avenues to expand its key strategic assets whether this be in the form of additional equity raising or debt funding.

For the reasons set out above, Directors are confident that the Group will have sufficient funding available to it and therefore have prepared the financial report on the going concern basis.

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

**3. EXPLORATION AND EVALUATION ASSETS**

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

At 30 September 2022, the Company held 100% of the outstanding and issued share capital of Macarthur Australia. Macarthur Australia's wholly owned subsidiary MIO holds assets which include the Iron Ore Projects. Macarthur Minerals also holds 100% of Macarthur Lithium Nevada Limited ("MLiNV"), which holds a Lithium Exploration Project in Nevada.

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

Exploration expenditure of \$1,021,644 was capitalised during the period ended 30 September 2022, as per table below.

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

	Acquisition Costs \$	Exploration Costs \$	Capitalised Total \$
<b>Balance as at 1 April 2022</b>	<b>4,010,636</b>	<b>69,021,118</b>	<b>73,031,754</b>
<b>Incurred during the period</b>			
Accommodation and camp maintenance	-	26,580	26,580
Other	-	134,384	134,384
Personnel and Contractors	-	138,966	138,966
Rent and rates	-	108,407	108,407
Research and reports	-	580,579	580,579
Sampling and testing	-	4,258	4,258
Tenement management and outlays	-	14,107	14,107
Travel	-	1,506	1,506
Vehicle hire	-	12,857	12,857
	-	<b>1,021,644</b>	<b>1,021,644</b>
<b>Balance as at 30 September 2022</b>	<b>4,010,636</b>	<b>70,042,762</b>	<b>74,053,398</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)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

**3. EXPLORATION AND EVALUATION ASSETS (Cont'd)****Commitments**

In order to maintain its current rights of tenure for exploration and/or mining activities, the Group 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 Group decides to continue a tenement's rights until its expiry. Due to the nature of the Group's activities, it is difficult to accurately forecast the amount of future expenditure that will be necessary to incur in order to maintain present interests.

These obligations are not provided for in the financial statements and are payable at future dates as follows:

	<b>30 September 2022</b>	31 March 2022
	\$	\$
Not later than one year	<b>1,024,533</b>	980,663
Later than one year but not later than five years	<b>3,815,726</b>	3,674,506
	<b>4,840,259</b>	4,655,169

For the 12-month period ending September 30, 2023, the Group 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 Group believes is highly unlikely), the Group 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 reduced obligations not provided for in the financial statements are payable at future dates as follows:

	<b>30 September 2022</b>	31 March 2022
	\$	\$
Not later than one year	<b>450,471</b>	407,205
Later than one year but not later than five years	<b>3,815,726</b>	3,674,506
	<b>4,266,197</b>	4,081,711

**MACARTHUR MINERALS LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Australian Dollars)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

**4. CONTRIBUTED EQUITY****Ordinary Shares**

	<b>30 September 2022</b>	31 March 2022
	\$	\$
Issued and fully paid	<b>127,704,354</b>	121,772,352
	<b>Number</b>	Number
Number of Shares on Issue	<b>165,653,488</b>	146,253,488
	<b>30 September 2022</b>	31 March 2022
At the beginning of the reporting period	<b>146,253,488</b>	139,614,135
Shares Issued during the period:		
Private Placement (AUD\$0.50 per share)	<b>15,000,000</b>	-
Bonus shares to Directors (AUD \$0.325 per share)*	<b>4,400,000</b>	-
Exercise of options and warrants	-	6,639,353
At the end of the reporting period	<b>165,653,488</b>	146,253,488

\* Bonus shares issued to Directors during the period in accordance with the Consultant Share Compensation Plan.

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Reserves**

	<b>Share Based Payments Reserve</b>	<b>Financial Asset Revaluation Reserve</b>	<b>Share Capital Reserve</b>	<b>Total</b>
	\$	\$	\$	\$
As at 1 April 2021	6,142,313	720,000	186,757	7,049,070
Fair value loss on financial assets	-	68,333	-	68,333
Cost of share-based payments	576,294	-	-	576,294
As at 31 March 2022	6,718,607	788,333	186,757	7,693,697
Cost of share-based payments	<b>2,674,022</b>	-	-	<b>2,674,022</b>
As at 30 September 2022	<b>9,392,629</b>	<b>788,333</b>	<b>186,757</b>	<b>10,367,719</b>

**MACARTHUR MINERALS LIMITED**

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

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

*Share-based payment reserve*

The Group has issued share options, rights and warrants on specified terms. The cost of these items is measured by reference to their fair value at the date at which they are granted and expensed over the vesting period. The fair value is determined using Option valuation models.

*Financial Asset Revaluation Reserve*

The financial asset revaluation reserve records revaluations of financial assets.

*Share Capital Reserve*

The share capital reserve records the residual value of contributed equity after deducting the fair value of the common shares issued.

**Share Compensation Plans**

The Company, in accordance with the Company's Omnibus, Employee and Consultant Share Compensation Plans ("Plans") and the policies of the TSX-V and ASX, is authorised to grant incentive stock options ("Options"), award equity restricted share units ("RSU's"), or bonus shares or issue ordinary shares from treasury pursuant to the Company's share purchase scheme to directors, employees and consultants to acquire in aggregate up to 20% of issued and outstanding ordinary shares as at 3 August 2022, being 165,653,488 Common Shares. The Plans were approved on 31 August 2022 by the shareholders and replace the Company's previous Plans.

The exercise price of the Options is fixed by the Board at no less 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)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

**4. CONTRIBUTED EQUITY (cont'd)****Share Options**

During the six-month period ended 30 September 2022, 500,000 options were exercised by consultants and 500,000 options issued to consultants.

Share option transactions issued under the Company's Share Compensation Plans and the number of share options outstanding are summarized as follows:

	Six months ended 30 September 2022		Year ended 31 March 2022	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	2,500,000	\$0.28 (CAD\$0.27)	5,035,000	\$0.27 (CAD\$0.25)
Granted <sup>(i)</sup>	500,000	\$0.65 (CAD\$0.58)	500,000	\$0.85 (CAD\$0.80)
Expired	-	-	(30,000)	\$0.19 (CAD\$0.20)
Forfeited	-	-	(911,797)	\$0.21 (CAD\$0.20)
Exercised	-	-	(2,093,203)	\$0.21 (CAD\$0.20)
Outstanding, end of period	3,000,000	\$0.50 (CAD\$0.44)	2,500,000	\$0.28 (CAD\$0.27)
Options exercisable, end of period	3,000,000	\$0.50 (CAD\$0.44)	2,500,000	\$0.28 (CAD\$0.27)

<sup>(i)</sup> The fair value of the 500,000 options granted was \$40,874.

Share options outstanding at 30 September 2022 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
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\$0.32	31 Dec 2022
500,000	CAD\$0.80	11 Dec 2022
500,000	AUD\$0.65	25 May 2024

The range of exercise prices for options outstanding at September 30, 2022 is CAD\$0.30 to CAD\$0.80.

The weighted average remaining contractual life for the share options as at September 30, 2022 is 0.48 years.

**MACARTHUR MINERALS LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Australian Dollars)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

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

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 30 September 2022		Year ended 31 March 2022	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	12,862,618	AUD\$0.88	12,862,618	AUD\$0.88
Granted <sup>(i)</sup>	17,000,000	AUD\$0.65	-	-
Expired	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding, end of period	29,862,618	AUD\$0.75	12,862,618	AUD\$0.88
Options exercisable, end of period	29,862,618	AUD\$0.75	12,862,618	AUD\$0.88

<sup>(i)</sup>Options granted included 15,000,000 to Private Placement subscribers, and 2,000,000 to Lead Managers. The total fair value of these options granted was \$2,482,865.

Share options outstanding at 30 September 2022 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
17,000,000	AUD\$0.65	8 April 2024

**MACARTHUR MINERALS LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Australian Dollars)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

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

During the six-month period ended 30 September 2022, no RSU's vested, expired or were forfeited.

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

	Six months ended 30 September 2022		Year ended 31 March 2022	
	Number of RSUs	Weighted Average Exercise Price	Number of RSUs	Weighted Average Exercise Price
Outstanding, beginning of period	7,082,500	\$0.87 (CAD\$0.82)	3,282,500	\$0.72 (CAD\$0.68)
Granted	-	-	5,600,000	\$0.96 (CAD\$0.90)
Vested	-	-	-	-
Forfeited	(100,000)	\$0.79 (CAD\$0.70)	(1,800,000)	\$0.90 (CAD\$0.84)
Expired	-	-	-	-
Outstanding, end of period	6,982,500	\$0.92 (CAD\$0.82)	7,082,500	\$0.87 (CAD\$0.82)

RSUs outstanding at 30 September 2022 have the following vesting prices and expiry dates:

Number of RSUs	Vesting Price	Expiry Date
1,000,000	CAD\$0.65	8 Dec 2023
1,632,500	CAD\$0.70	19 Jan 2024
4,350,000	CAD\$0.90	11 Jun 2024

The weighted average remaining contractual life for the RSUs as at 30 September 2022 is 1.53 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)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

**4. CONTRIBUTED EQUITY (cont'd)****Warrants**

Warrants relating to rights issues and private placements at the beginning of the period totaled 4,101,275. No warrants were granted during the period ended 30 September 2022. 3,029,375 warrants expired during the period ended 30 September 2022.

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

	Six months ended 30 September 2022		Year ended 31 March 2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	4,101,275	\$0.43 (CAD\$0.40)	25,777,188	\$0.55 (CAD\$0.52)
Granted	-	-	-	-
Forfeited	-	-	-	-
Expired	(3,029,375)	\$0.45 (CAD\$0.40)	(17,129,763)	\$0.62 (CAD\$0.59)
Exercised	-	-	(4,546,150)	\$0.43 (CAD\$0.40)
Outstanding, end of period	1,071,900	\$0.45 (CAD\$0.40)	4,101,275	\$0.43 (CAD\$0.40)

Warrants outstanding at 30 September 2022 have the following vesting prices and expiry dates:

Number of warrants	Exercise Price	Expiry Date
867,291	CAD\$0.40	1 Oct 2022
204,609	CAD\$0.40	3 Nov 2022

**Warrant Liability**

During the period ended 30 September 2022, no warrants were granted. Where the warrants have an exercise price denominated in a currency which is different from the functional currency of the Company (Australian dollar), the warrants are treated as a financial liability. The Company's share purchase warrants are classified and accounted for as a financial liability at fair value with changes in fair value recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The warrant derivative liability is classified as level 2 in the fair value hierarchy. As of 30 September 2022, the Company had 1,071,900 (31 March 2022 – 4,101,275) warrants outstanding, which are classified and accounted for as a financial liability. The Company recognised a gain of \$520,350 (30 September 2021 – gain of \$2,842,877) from changes in the fair value of the warrant liability. The value of warrant liability as at 30 September 2022 is \$nil (31 March 2022 – \$520,350).



**MACARTHUR MINERALS LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian Dollars)FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

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**5. SHARE-BASED COMPENSATION**

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

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

**6. TAX CONSOLIDATION**

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

**7. SEGMENTED INFORMATION**

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

**8. FAIR VALUE****Fair Value Measurements****(a) Valuation Techniques**

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

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

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

**MACARTHUR MINERALS LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

**8. FAIR VALUE (cont'd)****(b) Financial Instruments**

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

	Note	Consolidated Carrying Amount	
		30 September 2022 \$	31 March 2022 \$
<b>Financial assets</b>			
Cash and cash equivalents		<u>3,561,553</u>	1,625,572
<b>a) Financial assets at amortised cost</b>			
Other receivables		104,762	127,090
Security Deposits		<u>35,397</u>	56,642
		<u>140,159</u>	183,732
<b>Total financial assets</b>		<u><u>3,701,712</u></u>	<u>1,809,304</u>
		30 September 2022 \$	31 March 2022 \$
<b>Financial liabilities</b>			
<b>a) Financial liabilities at amortised cost</b>			
Trade and other payables		455,324	1,173,019
Loans*		-	1,000,000
		<u>455,324</u>	2,173,019
<b>b) Financial liabilities at fair value through profit and loss</b>			
Warrant liability	4	-	520,350
<b>Total financial liabilities</b>		<u><u>455,324</u></u>	<u>2,693,368</u>

\* Loans from unrelated parties were repaid in full during the period ended 30 September 2022.

**c) Valuation Techniques and Inputs Used to Determine Level 2 Fair Values**

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

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

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**9. COMMITMENTS****Exploration expenditures**

Certain future exploration expenditures are required to be undertaken by the Company as a minimum retention for exploration permits. These expenditures were set out in Note 3 to the condensed interim consolidated financial statements for the period ended 30 September 2022.

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

**10. SALE OF INTEREST IN SUBSIDIARY**

In January 2022, Infinity Mining Limited ("IML") departed the Consolidated Group, as a result of a spinout of its Pilbara assets which following its own successful IPO on 19 November 2021 and were separately admitted to the Official list of ASX on 20 December 2021 and commenced trading on 22 December 2021 (ASX: IMI). The Group now has a 21.57% interest in Infinity Mining Limited. Management has eliminated from the results the balances of items as disclosed below which were before IML departed the Group.

***Subsidiary's loss for the period before disposal:***

	30 September 2021 \$
Administrative expense	92,596
<b>Loss for the period</b>	<u>92,596</u>

***Net assets disposed of:***

	31 March 2022 \$
Cash	(14,279)
Prepayments and other receivables	(135,315)
Exploration and evaluation assets	(112,601)
Plant and equipment	(3,924)
GST	(152,301)
Payables	439,687
Loans between related companies	310,905
<b>Net assets</b>	<u>332,172</u>

***Details of the disposal:***

	<b>31 March 2022 \$</b>
Total sale consideration	4,512,484
Carrying amount of net assets disposed	332,172
Adjusting corrections	<u>(316,739)</u>
Gain on disposal before income tax	<u>4,527,917</u>

**MACARTHUR MINERALS LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

**11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

During the period ended 30 September 2022, the Group acquired 1,000,000 (\$154,000) shares in Infinity Mining Limited (IML). The Group has a 21.57% interest in Infinity Mining Limited (IML) as at 30 September 2022. The Group's interest in IML is accounted for using the equity method in the consolidated financial statements.

The following table illustrates the summarised financial information of the Group's investment in IML:

	<b>30 September 2022</b>	<b>31 March 2022</b>
	\$	\$
Current Assets	6,291,681	8,314,888
Non-Current Assets	10,531,925	9,340,642
Current Liabilities	(503,287)	(140,029)
Non-Current Liabilities	83,778	(47,282)
Equity	<u>16,404,097</u>	<u>17,468,219</u>
Group's share in equity – 21.57% (31 Mar 2022: 20.74%)	3,538,364	3,622,908
Reversal of impairment	896,550	-
Share of loss in associate	(483,428)	-
Fair value adjustment for remaining interest	-	(238,545)
<b>Group's carrying amount of the investment</b>	<u><b>3,951,486</b></u>	<u><b>3,384,363</b></u>
Other Income	42,010	1,133
Administrative expenses	(931,356)	(427,675)
Share based payments	(1,351,860)	(690,000)
Loss for the period (continuing operations)	<u>(2,241,206)</u>	<u>(1,116,542)</u>
<b>Group's share of loss for the period – 21.57% (31 Mar 2022: 20.74%)</b>	<u><b>(483,428)</b></u>	<u><b>(231,571)</b></u>

The associate had no contingent liabilities or capital commitments as at 30 September 2022.

**Interests in Associates**

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material (IML) to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		September 30, 2022	March 31, 2022
		%	%
Infinity Mining Limited	Australia	21.57%	20.74%*

\*As at 30 September 2021, the company held 100% ownership in Macarthur Lithium Pty Ltd (renamed later to Infinity Mining Limited – refer to Note 14 for further details).

**MACARTHUR MINERALS LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

**11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD IN RELATED PARTY TRANSACTIONS (Cont'd)***Transactions with associate*

The following transactions occurred with associate:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Receipts for goods and services:		
Costs recoveries for services to associate	79,491*	-
<i>*Includes \$323,704 reversal of FY2022 charges</i>		
<i>Receivable from associate</i>		
The following balances are owing at the reporting date in relation to transactions with associate:		
Balance owed from associate at year end	64,706	-

**12. CONTINGENT LIABILITIES****a) Security Bonds**

The Company has a contingent liability of \$35,397 for bank guarantees issued for office leasing arrangements in Brisbane and corporate credit cards. The \$100,000 bank guarantee in relation to the Memorandum of Understanding ("MOU") with Southern Ports Authority ("SPA") was released in February 2022.

**13. SUBSEQUENT EVENTS****a) Share Based compensation**

Since 30 September 2022 and up to the date of this report, 37,500 RSUs forfeited and 1,300,000 performance based stock options ("Options") granted to acquire common shares of the Company pursuant to the terms of the Company's Share Compensation Plans, of which 500,000 granted to a director of the Company with an exercise price of A\$0.40 and expire three years from the date of issue, 650,000 options granted to employees with an exercise price of A\$0.45 and expire two years from the date of issue and the remaining 150,000 options granted to a consultant with an exercise price of A\$0.50 and expire 24 months from the date of issue.

**b) Warrants**

867,291 warrants and 204,609 warrants issued in connection with convertible notes completed by the Company in October 2019, expired on 1 October 2022 and 3 November 2022.

**c) Options**

Since 30 September 2022 and up to the date of this report, a total of 12,862,618 options issued under the private placement completed in October 2020, expired on 26 October 2022, 2 November 2022 and 12 November 2022.

**MACARTHUR MINERALS LIMITED**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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## **Directors' Declaration**

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

In the opinion of the Directors:

- a) the financial statements and the notes of the Group for the half-year ended 30 September 2022 are in accordance with the Corporations Act 2001, including:
  - i) giving a true and fair view of the financial position as at 30 September 2022 and the performance of the Group for the half-year ended on that date; and
  - ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



**Cameron McCall**  
**Executive Chairman and CEO**  
25 November 2022

**RSM Australia Partners**

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

**Report on the Half-Year Financial Report**

*Conclusion*

We have reviewed the accompanying half-year financial report of Macarthur Minerals Limited which comprises the consolidated statement of financial position as at 30 September 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Macarthur Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 September 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

**THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING**

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

*Directors' Responsibility for the Half-Year Financial Report*

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 September 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A handwritten signature in black ink that reads 'RSM'.

**RSM AUSTRALIA PARTNERS**

A handwritten signature in black ink that reads 'ALBERT LOOTS'.

**Albert Loots**  
Partner

Brisbane, QLD  
Dated: 25 November 2022