CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – prepared by Management)

For the six months ended September 30, 2016

All amounts are in Australian dollars unless otherwise stated

ACN 103 011 436

Condensed Interim Consolidated Financial Statements – September 30, 2016

Contents

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.

Its registered office and principal place of business are detailed on page 7.

The financial report was authorized for issue by the directors on November 29, 2016. 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 in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity's auditor.

MACARTHUR MINERALS LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Australian Dollars)
(Unaudited)
AS AT

	September 30, 2016	March 31, 2016
	$	**$**
ASSETS		
Current		
Cash and cash equivalents	**624,100**	267,841
Receivables	**83,753**	34,701
Security deposits and prepayments	**96,389**	105,534
Total current assets	**804,242**	408,076
Non-Current		
Plant and equipment (Note 4)	**86,732**	108,682
Exploration and evaluation assets (Note 5)	**6,178,656**	6,000,000
Total non-current assets	**6,265,388**	6,108,682
Total assets	**7,069,630**	6,516,758
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**364,126**	342,876
Employee benefits	**44,137**	37,747
Warrant liability (Note 7)	**-**	211,103
Total current liabilities	**408,263**	591,726
Non-Current		
Accounts payable and accrued liabilities	**10,653**	160,746
Employee benefits	**3,666**	9,289
Total non-current liabilities	**14,319**	170,035
Total liabilities	**422,582**	761,761
Shareholders' equity		
Contributed equity (Note 7)	**91,385,469**	89,556,838
Reserves	**4,354,027**	3,835,927
Deficit	**(89,092,448)**	(87,637,768)
Total shareholders' equity	**6,647,048**	5,754,997
Total liabilities and shareholders' equity	**7,069,630**	6,516,758

Nature and continuance of operations (Note 1)
Commitments (Note 15)
Contingent liabilities (Note 16)
Subsequent events (Note 17)

On behalf of the Board of Directors:

" Cameron McCall" Director ***"David Lenigas"*** Director

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

MACARTHUR MINERALS LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Australian Dollars)
(Unaudited)

	Three months ended September 30, 2016 $	Three months ended September 30, 2015 $	Six months ended September 30, 2016 $	Six months ended September 30, 2015 $
EXPENSES				
Depreciation (Note 4)	(7,316)	(17,716)	(22,859)	(58,138)
Impairment expense (Note 5)	-	(55,507,884)	-	(55,507,884)
Investor relations	(3,400)	(21,471)	(15,008)	(33,105)
Office and general	(112,517)	(57,483)	(345,579)	(130,939)
Personnel fees	(223,002)	(308,316)	(419,409)	(599,616)
Professional fees	(85,675)	(316,414)	(154,912)	(347,127)
Rent	(30,608)	(26,418)	(61,025)	(56,835)
Share-based compensation (Note 8)	(420,259)	(14,363)	(518,100)	(22,409)
Share registry, filing and listing fees	(88,399)	(51,332)	(100,405)	(93,368)
Travel and accommodation	(6,709)	(27,791)	(130,460)	(57,848)
Total Administrative Expenses	**(977,885)**	**(56,349,188)**	**(1,767,757)**	**(56,907,269)**
REVENUE				
Interest income	1,102	7,065	1,835	21,504
Other Income (Cost Order)	-	-	98,321	29,680
Gain on sale of asset	-	22,705	1,818	81,483
Change in fair value of warrant liability	150,054	-	211,103	-
Net loss and comprehensive loss for the period	**(826,729)**	**(56,319,418)**	**(1,454,680)**	**(56,774,602)**
Basic and diluted loss per ordinary share	$ (0.02)	$ (0.80)	$ (0.01)	$ (0.90)
Basic and diluted weighted average number of ordinary shares outstanding	76,007,550	70,572,763	106,557,652	63,336,456

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

MACARTHUR MINERALS LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Australian Dollars)
(Unaudited)

	Number of Shares	Contributed Equity	Deficit	Reserves	Total Equity
	#	$	$	$	$
Balance at April 1, 2015	56,020,630	89,043,070	(29,029,698)	3,768,970	63,782,342
Net loss for the period	-	-	(56,774,602)	-	(56,774,602)
Private placement	25,603,169	537,510	-	-	537,510
Share issuance costs	-	(23,742)	-	-	(23,742)
Share-based payment transactions	-	-	-	22,409	22,409
Balance at September 30, 2015	81,623,799	89,556,838	(85,804,300)	3,791,379	7,543,917
Balance at April 1, 2015	56,020,630	89,043,070	(29,029,698)	3,768,970	63,782,342
Net loss for the year	-	-	(58,608,070)	-	(58,608,070)
Share-based payment transactions	-	-	-	66,957	66,957
Private placement	25,603,169	537,510	-	-	537,510
Share issuance costs	-	(23,742)	-	-	(23,742)
Balance at March 31, 2016	81,623,799	89,556,838	(87,637,768)	3,835,927	5,754,997
Balance at April 1, 2016	**81,623,799**	**89,556,838**	**(87,637,768)**	**3,835,927**	**5,754,997**
Net loss for the period	**-**	**-**	**(1,454,680)**	**-**	**(1,454,680)**
Share-based payment transactions	**-**	**-**	**-**	**518,100**	**518,100**
Private placement	**15,000,000**	**315,128**	**-**	**-**	**315,128**
Exercise of options and warrants	**29,727,174**	**1,515,821**	**-**	**-**	**1,515,821**
Share issuance costs	**-**	**(2,318)**	**-**	**-**	**(2,318)**
Balance at September 30, 2016	**126,350,973**	**91,385,469**	**(89,092,448)**	**4,354,027**	**6,647,048**

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)

	Six months ended September 30, 2016	Six months ended September 30, 2015
	$	$
OPERATING ACTIVITIES		
Net loss for the period	**(1,454,680)**	(56,774,602)
Items not involving cash:		
Depreciation	**22,859**	58,138
Impairment expense	**-**	55,507,884
Change in fair value of warrant liability	**(211,103)**	-
Share-based compensation	**518,100**	22,409
Loss (Gain) on disposal of equipment	**(1,818)**	(81,483)
Changes in non-cash working capital balances:		
Accounts payable and accrued liabilities	**(128,075)**	18,109
Security deposits and prepayments	**9,144**	2,201
Receivables	**(49,051)**	3,757
Net Cash used in Operating Activities	**(1,294,624)**	(1,243,587)
INVESTING ACTIVITIES		
Disposals/(Purchases) of plant and equipment	**908**	105,000
Government recoveries	**-**	4,691
Deferred exploration expenditures	**(178,656)**	(751,398)
Net Cash used in Investing Activities	**(177,748)**	(641,707)
FINANCING ACTIVITIES		
Proceeds from issuance of shares/exercise of options & warrants	**1,830,949**	537,510
Share issue and placement costs	**(2,318)**	(23,742)
Repayment of finance lease		(1,819)
Net Cash provided by (used in) Financing Activities	**1,828,631**	511,949
Change in cash and cash equivalents during period	**356,259**	(1,373,345)
Cash and cash equivalents, beginning of period	**267,841**	2,807,129
Cash and cash equivalents, end of period	**624,100**	1,433,784

Supplemental disclosures with respect to cash flows (Note 11)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Macarthur Minerals Limited (the "Company" or "Macarthur") is an Australian public company listed in Canada on the TSX Venture Exchange ("TSX-V") (symbol: MMS) currently focused on identifying and developing high grade lithium and counter cyclical investments, with significant lithium exploration interest in Australia and Nevada. In addition, Macarthur retains its two iron ore projects in Western Australia.

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

The Company maintains its corporate head office and principal place of business at Level 20, 10 Eagle Street, Brisbane, Queensland 4000, Australia.

These condensed interim consolidated financial statements ("interim financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

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. These condensed interim financial statements follow the same accounting policies and methods of computation as the Company's audited consolidated financial statements for the year ended March 31, 2016.

The condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2016.

These condensed interim consolidated financial statements were authorized by the Board of Directors of the Company on November 29, 2016.

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.

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, 2016, and have been consistently followed in the preparation of these condensed interim consolidated financial statements.

(Expressed in Australian Dollars)

4. PLANT AND EQUIPMENT

	Plant & Equipment $	Motor Vehicles $	Office Equipment $	Total $
Year ended March 31, 2016				
Opening net book value	365,557	59,484	43,476	**468,517**
Additions	-	-	-	**-**
Disposals	-	(30,894)	(1,912)	**(32,806)**
Depreciation charge	(55,406)	(28,590)	(19,388)	**(103,384)**
Impairment	(223,645)	-	-	**(223,645)**
Closing net book amount	86,506	-	22,176	**108,682**
At March 31, 2016				
Cost or fair value	654,217	408,351	392,745	**1,455,313**
Accumulated depreciation	(344,066)	(408,351)	(370,569)	**(1,122,986)**
Impairment	(223,645)	-	-	**(223,645)**
Net book amount	86,506	-	22,176	**108,682**
Period ended September 30, 2016				
Opening net book value	86,506	-	22,176	**108,682**
Additions	-	-	-	**-**
Disposals	-	-	909	**909**
Depreciation charge	(19,107)	-	(3,752)	**(22,859)**
Closing net book amount	67,399	-	19,333	**86,732**
At September 30, 2016				
Cost or fair value	654,217	408,351	381,962	**1,444,530**
Accumulated depreciation	(586,818)	(408,351)	(362,629)	**(1,357,798)**
Net book amount	67,399	-	19,333	**86,732**

5. EXPLORATION AND EVALUATION ASSETS

The Company holds 100% of the outstanding and issued share capital of Macarthur Iron Ore Pty Ltd (“MIO”). MIO’s assets include a 100% interest in the Iron Ore Projects located in Western Australia.

During the year ended March 31, 2016, the Company re-assessed its plans for the Iron Ore Projects given the continuing uncertainties in the global economic environment for iron ore. As outlined in announcements by the Company, it entered into a Share Sale Agreement to sell all of the outstanding and issued share capital of MIO. The transaction was on an arms-length basis with a former major shareholder for $6 million consideration. The value of the transaction also underwent an independent valuation and fairness opinion, which concluded that the value was fair. The purchaser was unable to complete the purchase of MIO by financial close as the transaction was part of a larger consolidation of the area.

On the basis of these changing circumstances for the Iron Ore Projects, the carrying value of the exploration and evaluation assets were assessed for impairment.

Recoverable value of the Iron Ore Projects is difficult to determine given current global conditions, in particular the fluctuating outlook in demand and price for iron ore. For the purpose of determining recoverable value of the Iron Ore Projects, the Company has used the Share Sale Agreement and the fairness opinion as reliable guidance.

The recoverable amount (fair value) measurement is a level 2 fair value hierarchy measurement determined as fair value less costs to sell, based on observable market data.

(Expressed in Australian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd)

The recoverable amount, which is the higher of value in use or fair value less costs of disposal, was determined to be the $6,000,000 selling price. The difference between the carrying value and recoverable amount resulted in an impairment expense of $55,851,937 charged to the statement of loss and comprehensive loss for the year ended March 31, 2016. The value of Exploration and Evaluation assets will continue to be assessed on an annual basis.

Exploration and evaluation expenditure
Interim Expenditure

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

	Acquisition Costs $	**Deferred Exploration Costs** $	**Total** $
Balance as at March 31, 2015	**3,834,051**	**56,966,172**	**60,800,223**
Accommodation and camp maintenance	-	54,169	54,169
Drilling	-	-	-
E30/317 acquisition cost	-	12,000	12,000
Environmental Surveys	-	554	554
Other	-	60,887	60,887
Personnel and Contractors	-	495,321	495,321
Rent and rates	-	421,067	421,067
Research and reports	-	28,279	28,279
Sampling and testing	-	608	608
Site preparation and earthwork	-	-	-
Tenement management and outlays	-	45,331	45,331
Travel	-	11,724	11,724
Vehicle hire	-	38,782	38,782
Government Recoveries	-	(117,008)	(117,008)
E&E Impairment	-	(55,851,937)	(55,851,937)
	-	**(54,800,223)**	**(54,800,223)**
Balance as at March 31, 2016	**3,834,051**	**2,165,949**	**6,000,000**

	Acquisition Costs $	**Deferred Exploration Costs** $	**Total** $
Incurred during the period			
Accommodation and camp maintenance	-	5,553	**5,553**
Environmental Surveys	-	557	**557**
Other	-	3,059	**3,059**
Personnel and Contractors	-	84,428	**84,428**
Rent and rates	-	68,478	**68,478**
Research and reports	-	1,696	**1,696**
Tenement management and outlays	-	10,086	**10,086**
Travel	-	-	**-**
Vehicle hire	-	4,799	**4,799**
Government Recoveries	-	-	**-**
	-	**178,656**	**178,656**
Balance as at September 30, 2016	**3,834,051**	**2,344,605**	**6,178,656**

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

(Expressed in Australian Dollars)

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:

	September 30, 2016 $	March 31, 2016 $
Not later than one year	**963,396**	1,431,443
Later than one year but not later than five years	**3,860,054**	6,316,062
	4,823,450	7,747,505

For the financial year ending March 31, 2017, the Company may and intends to 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 may and will 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. The Company will also be seeking to reduce expenditure, rates and rents requirements by selective relinquishment of some exploration tenements that are not considered essential. In addition, the Company is applying for future exemptions on a number of mining tenements which will allow the Company exemption on future expenditure up to 5 years in advance.

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

	September 30, 2016 $	March 31, 2016 $
Not later than one year	**238,079**	323,206
Later than one year but not later than five years	**3,860,054**	6,316,062
	4,098,133	6,639,268

6. FINANCE LEASE COMMITMENTS

The Company no longer has any finance lease commitments.

(Expressed in Australian Dollars)

7. 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.

	September 30, 2016	March 31, 2016
Issued and fully paid ordinary shares:	**$91,385,469**	$ 89,556,838
Number of shares on issue:	**126,350,973**	81,623,799

On February 4, 2016 and March 7, 2016, the Company announced a non-brokered private placement (the "2016 Offering") of up to 15,000,000 units (each, a "Unit") at a price of CAD$0.02 per Unit ("Unit Price") for aggregate gross proceeds of up to CAD$300,000 to Rare Earth Minerals Plc (AIM: REM, OTC: REMMY) ("Rare Earth Minerals"). Each Unit comprised of one common share in the capital of the Company (each, a "Common Share") and one whole warrant to acquire a Common Share (each, a "Warrant") at an exercise price of CAD$0.05 per Common Share for a period of twelve months from the date of issuance. The Company closed the 2016 Offering on April 12, 2016.

During the six month period ended September 30, 2016, a total of 29,727,174 shares were issued on the exercise of 4,602,655 Options and 25,124,519 Warrants.

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 August 31, 2016, being 122,048,318 Common Shares, Both of the Plans were approved on August 31, 2016 by the shareholders and replaces the Company's previous Plans.

The exercise price of the Options is fixed by the Board at no lesser than the discounted market price (as defined under the TSX-V Corporate 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. For further detail on the accounting treatment of share options refer to Note 2 accounting policies to the audited financial statements for the year ended March 31, 2016.

Upon exercise of Options, the consideration paid by the option holder, together with the amounts previously recognised in reserves, is recorded as an increase to contributed equity.

(Expressed in Australian Dollars)

7. CONTRIBUTED EQUITY (cont'd)

Share Options

During the six month period ended September 30, 2016

On April 14, 2016, pursuant to the Plans, 2,660,000 Options were granted, of which 1,590,000 Options were granted to directors of the Company, and the remaining Options granted to employees and a consultant. The Options have an exercise price of CAD$0.05, which is the minimum Discounted Market Price pursuant to TSX-V Policy. The Options vest immediately, and expire three years from the date of grant.

On July 11, 2016, pursuant to the Plans, an aggregate of 3,540,000 Options were granted, of which 2,610,000 Options were granted to directors of the Company, and the remaining Options granted to employees and a consultant. The Options have an exercise price of CAD$0.0525, are subject to a four month hold, and expire three years from the date of grant.

On September 1, 2016, pursuant to the Plans, 500,000 Options were granted to a consultant with an exercise price of CAD$0.10 for a period of up to 90 days after the termination of the consultancy agreement.

On September 22, 2016, pursuant to the Plans, an aggregate of 13,509,664 Options were granted, of which 10,017,004 Options were granted to directors of the Company, and the remaining Options granted to employees and a consultant. The Options have an exercise price of CAD$0.06 and expire three years from the date of grant.

During the six month period ended September 30, 2016, 4,602,655 Options have been exercised and 1,000,000 Options expired.

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

	Six months ended September 30, 2016		Year ended March 31, 2016	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	**5,500,000**	**$0.05 (CAD$0.05)**	2,175,000	$0.28 (CAD$0.27)
Granted	**20,209,664**	**$0.05 (CAD$0.05)**	8,900,000	$0.05 (CAD$0.05)
Forfeited	**-**	**-**	(1,700,000)	$0.20 (CAD$0.20)
Expired	**1,000,000**	**$0.05 (CAD$0.05)**	(3,875,000)	$0.11 (CAD$0.11)
Exercised	**4,602,655**	**$0.05 (CAD$0.05)**	-	-
Outstanding, end of period	**20,107,009**	**$0.05 (CAD$0.05)**	5,500,000	$0.05 (CAD$0.05)
Options exercisable, end of period	**20,107,009**	**0.05 (CAD$0.05)**	5,500,000	$0.05 (CAD$0.05)

(Expressed in Australian Dollars)

7. CONTRIBUTED EQUITY (cont'd)

Share Options (cont'd)

Share options outstanding at September 30, 2016 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
500,000	$0.10 (CAD$0.10)	May 31, 2017
280,000	$0.05 (CAD$0.046)	May 13, 2018
1,620,000	$0.05 (CAD$0.05)	September 1, 2018
1,330,000	$0.05 (CAD$0.05)	April 13, 2019
3,540,000	$0.05 (CAD$0.0525)	July 10, 2019
21,837,009	$0.06 (CAD$0.06)	September 21, 2019

The range of exercise prices for options outstanding at September 30, 2016 is CAD$0.046 to CAD$0.10.

The weighted average remaining contractual life for the share options as at September 30, 2016 is 2.75 years.

Warrants

During the six month period ended September 30, 2016

Pursuant to the 2016 Offering 15,000,000 Warrants at an exercise price of CAD$0.05 per Common Share were issued for a period of twelve months from the date of issuance. The Warrants were subject to a 4 month hold and were available to exercise from September 9, 2016.

During the six month period ended September 30, 2016, 25,124,519 Warrants have been exercised and 478,650 Warrants expired.

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

	Six months ended September 30, 2016		Year ended March 31, 2016	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	**25,603,169**	**$0.05 (CAD $0.05)**	-	-
Granted	**15,000,000**	**$0.05 (CAD $0.05)**	25,603,169	$0.05 (CAD $0.05)
Forfeited	**-**	**-**	-	-
Expired	**478,650**	**$0.05 (CAD $0.05)**	-	-
Exercised	**25,124,519**	**$0.05 (CAD $0.05)**	-	-
Outstanding, end of period	**15,000,000**	**$0.05 (CAD $0.05)**	25,603,169	$0.05 (CAD $0.05)
Warrants exercisable, end of period	**15,000,000**	**$0.05 (CAD $0.05)**	25,603,169	$0.05 (CAD $0.05)

7. CONTRIBUTED EQUITY (cont'd)

Warrant Liability

During the year ended March 31, 2016, equity offerings were completed whereby 25,603,169 warrants were issued with exercise prices denominated in Canadian dollars (March 31, 2015 – none). Where the warrants have an exercise price denominated in a currency which is different from the functional currency of the Company (Australian dollar), the warrants are treated as a financial liability. The Company's share purchase warrants are classified and accounted for as a financial liability at fair value with changes in fair value recognized in the Consolidated Statement of Loss and Comprehensive Loss. The warrant derivative liability is classified as level 2 in the fair value hierarchy. As of September 30, 2016, the Company had 15,000,000 (2015 – none) warrants outstanding. The Company recognised other income of $150,054 (September 30, 2015 - $nil) from changes in fair value of the warrant liability in the Consolidated Statement of Loss and Comprehensive Loss.

Warrants outstanding at September 30, 2016 have the following exercise prices and expiry dates:

Number of Warrants	Exercise Price	Expiry Date
15,000,000	C$0.05	May 8, 2017

The weighted average remaining contractual life for the warrants as at September 30, 2016 is 0.60 years.

Refer to Note 17 *Subsequent Events* on Warrants exercised since the statement of financial position date.

8. 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 loss and comprehensive 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. The weighted average fair value of options granted during the September 30, 2016 period ended was $0.04 (September 30, 2015 - $0.003), resulting in a $97,841 share-based compensation charge to the statement of loss and comprehensive loss (September 30, 2015 - $22,409). Refer to Note 7 for details of options granted during the period.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the period:

	Six months ended September 30, 2016	Six months ended September 30, 2015
	Weighted average	*Weighted average*
Share price	**CAD $0.060**	CAD $0.027
Exercise price	**CAD $0.060**	CAD $0.05
Risk-free interest rate	**0.55%**	0.45%
Expected life of options	**2.93 years**	2.84 years
Annualized volatility	**147.23%**	74.51%
Dividend rate	**0%**	0%

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over a commensurate period of time which approximates the expectations that would be reflected in a current market.

(Expressed in Australian Dollars)

9. RELATED PARTY TRANSACTIONS

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

Name	Country of Incorporation	% Equity Interest	
		September 30, 2016	September 30, 2015
Macarthur Iron Ore Pty Ltd	Australia	100	100
Macarthur Midway Pty Ltd	Australia	100	100
Macarthur Lithium Pty Ltd	Australia	100	-
Macarthur Minerals NT Pty Ltd	Australia	100	100
Macarthur Tulshyan Pty Ltd	Australia	100	-
Batchelor Project Pty Ltd	Australia	100	-

There were no transactions between the Company and related parties in the wholly-owned Group during the year other than intercompany loans and remuneration for key management personnel details of which are contained in this note.

The terms and conditions of those transactions were no more favorable than those that it is reasonable to expect that the entity would have adopted if dealing on an arm's length basis.

Key Management Personnel
The following persons were key management personnel of the Company during the period ending September 30, 2016.

Executive Directors
Alan Phillips, Executive Director
David Taplin, President, CEO and Director

Non-Executive Directors
Cameron McCall, Chairman
David Leingas

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

Period ending September 30, 2016	**Short Term Employee Benefits**				**Post-Employment Benefits**		**Share Based Payments**	
Executive Directors	Cash Salary & Fees	Accrued Salaries	Cash Bonus	Non-monetary benefits	Super-annuation	Retirement Benefits	Options	Total
	$	$	$	$	$	$	$	$
A S Phillips	75,000	-	-	-	-	-	24,856	99,856
D Taplin	100,000	27,500	-	-	-	-	188,136	315,636
Non-Executive Directors:								
C McCall	35,000	-	-	-	-	-	99,103	134,103
D Lenigas	15,000	-	-	-	-	-	101,324	116,324
Total	**225,000**	**27,500**	**-**	**-**	**-**	**-**	**413,419**	**665,919**

Remuneration accrued and payable to key management personnel as at September 30, 2016 was $69,833.

(Expressed in Australian Dollars)

9. RELATED PARTY TRANSACTIONS (cont'd)

On April 1, 2016 the Company entered into a Deed of Bond with Executive Directors whereby accrued salaries totaling $174,496 are not repayable before April 1, 2017, subject to other terms and conditions, unless agreed to otherwise. Interest is payable on a monthly basis. Subsequently, during the period ended September 30, 2016, the Company agreed to pay out the accrued Executive Directors bond amounts to September 30, 2016 totaling $184,580 on the basis that interest was foregone and those funds were used to pay up options. 3,604,175 options were exercised and shares were issued on September 30, 2016.

Remuneration of each key management personnel of the Company for the period ended September 30, 2015 was as follows.

Period ending September 30, 2015	Short Term Employee Benefits				Post-Employment Benefits		Share Based Payments	
Executive Directors	Cash Salary & Fees	Accrued Salaries	Cash Bonus	Non-monetary benefits	Super-annuation	Retirement Benefits	Options	Total
	$	$	$	$	$	$	$	$
A S Phillips	100,000	70,831	-	-	-	-	2,048	172,879
A J Phillips[2]	100,000	33,752	-	-	-	-	2,048	135,800
D Taplin	100,000	27,500	-	-	-	-	2,048	129,548
Non-Executive Directors:								
J Starink[1]	2,167		-	-	-	-	-	2,167
E Evans[2]	30,000		-	-	-	-	5,497	35,497
C McCall	30,000		-	-	-	-	5,497	35,497
Total	**362,167**	**132,083**	**-**	**-**	**-**	**-**	**17,138**	**511,388**

[1] Resigned April 28, 2015
[2] Resigned December 3, 2015.

On April 28, 2015, A S Phillips', A J Phillips' and D Taplin's consulting agreements with the Company were amended such that from April 1, 2015 to September 30, 2015, consulting fees were temporarily reduced by $10,416 per month for A S Phillips, $5,625 per month for A J Phillips and $4,583 per month for D Taplin. The difference has been accrued until September 30, 2015. As at September 30, 2015 the following consulting fee amounts have been accrued but not paid: A S Phillips $70,831, A J Phillips $33,752 and D Taplin $27,500. The amendments to the consulting agreements have been extended to December 31, 2015.

Remuneration accrued and payable to key management personnel as at September 30, 2015 was $212,083.

Other transactions with key management personnel

A number of key management personnel, or close members of their family, hold positions in other entities that result in them having significant influence over those entities for the purposes of IAS 24. Where transactions are entered into with those entities the terms and conditions are no more favourable than those that it is reasonable to expect the entity would have adopted if dealing on an arm's length basis.

The Company did not enter into any transactions with entities over which key management personnel have significant influence during the period and the corresponding prior period.

10. TAX CONSOLIDATION

The Company and its subsidiaries have formed a tax consolidated group for Australian taxation purposes. All entities are therefore taxed as a single entity.

(Expressed in Australian Dollars)

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	Six months ended September 30, 2016	Six months ended September 30, 2015
Cash paid during the period for interest	**$2,764**	$2,412

During the period ended September 30, 2016, the Company entered into the following non-cash transactions:

a) Recorded $11,312 in deferred exploration expenditures through accounts payable.

During the period ended September 30, 2015, the Company entered into the following non-cash transactions:

a) Recorded $27,602 in deferred exploration expenditures through accounts payable.

12. 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.

13. FINANCIAL INSTRUMENTS

Credit Risk

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. This amount is as follows:

	September 30, 2016 $	March 31, 2016 $
Financial assets		
Cash and cash equivalents	**624,100**	267,841
Security Deposits	**92,106**	92,106
Receivables	**83,753**	34,701
	799,959	394,648

The Company's receivables comprises of interest receivable and goods and services taxation payments recoverable from the Australian Government.

(Expressed in Australian Dollars)

13. FINANCIAL INSTRUMENTS (cont'd)

Credit Risk (cont'd)

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

	September 30, 2016 $	March 31, 2016 $
Australia	**83,753**	34,701
Canada	**-**	-
Total	**83,753**	34,701

The financial liabilities the Company has at the reporting date are accounts payable and accrued liabilities. The Company has sufficient cash to cover these liabilities as they come due.

Currency Risk

Exposure to currency risk

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

	AUD	CAD	AUD	CAD
	September 30, 2016		March 31, 2016	
Cash and cash equivalents	**382,382**	**241,719**	266,477	1,364
Receivables	**83,753**	**-**	34,701	-
Security deposits	**92,106**	**-**	92,106	-
	558,241	**241,719**	393,284	1,365
Accounts payable and accrued liabilities	**211,938**	**152,187**	448,773	54,849
Employee Benefits	**54,791**	**-**	47,037	-
Lease liability	**-**	**-**	-	-
Warrant liability	**-**	**-**	-	211,103
	266,729	**152,187**	495,809	265,952
Net exposure	**291,512**	**89,532**	(102,525)	(264,588)

The following significant exchange rates applied during the period:

	Average rate		**Reporting date spot rate**	
AUD	**September 30, 2016**	March 31, 2016	**September 30, 2016**	March 31, 2016
Canadian dollar (CAD)	**0.9753**	0.9642	**1.0054**	0.9957

13. FINANCIAL INSTRUMENTS (cont'd)

Currency Risk (cont'd)

Sensitivity analysis

As at September 30, 2016, the Company's expenditures are in Australian dollars and Canadian dollars. As at September 30, 2016, the Company had cash of $241,719 (March 31, 2016 – $1,364) in a Canadian bank account and accounts payable and accrued liabilities of $152,187 (March 31, 2016 – $265,952) for Canadian suppliers. For each 10% change in the Australian dollar vs. Canadian dollar a $9,001 gain/loss would arise (March 31, 2016 - $27,599) on this balance of cash and accounts payable.

Interest rate risk

Profile

At the reporting date the interest rate profile of the Company's and the Group's interest-bearing financial instruments was:

	September 30, 2016 $	March 31, 2016 $
Variable rate instruments		
Financial assets	**473,155**	359,947

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates 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 this period.

	Profit or loss		**Equity**	
	100bp increase $	100bp decrease $	100bp increase $	100bp decrease $
September 30, 2016				
Variable rate instruments	**4,732**	**(4,732)**	**4,732**	**(4,732)**
March 31, 2016				
Variable rate instruments	**3,599**	**(3,599)**	**3,599**	**(3,599)**

14. 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 unissued capital of shareholders' equity.

The properties in which the Company currently has an interest in 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 it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended September 30, 2016. The Company is not subject to externally imposed capital requirements.

15. COMMITMENTS

Operating lease agreements

Office space in Brisbane remains the only operating lease entered into by the Company.

Exploration expenditures

Certain future exploration expenditures are required to be undertaken by the Company as a minimum retention for exploration permits. These expenditures were set out in Note 5 to the condensed interim consolidated financial statements for the period ended September 30, 2016.

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

16. CONTINGENT LIABILITIES

a) Security Bonds

The Company has a contingent liability bank guarantee issued of $92,106 for office leasing arrangements in Brisbane and corporate credit cards.

b) Supreme Court Proceedings

LPD Holdings (Aust) Pty Ltd ("LPD") and Mayson Associates Limited ("Mayson") v. Macarthur and Ors. ("Initial Proceedings") and LPD v. Macarthur and Ors. ("New Proceedings")

The Initial Proceedings were dismissed in November 2012 and the Company was awarded costs on an indemnity basis. LPD and Mayson appealed the indemnity costs order in the Queensland Court of Appeal and on October 11, 2013 the appeal was dismissed with costs of the appeal being awarded to the Company. LPD, a shareholder of the Company, and Mayson are entities associated with Mr Edward Kwok, a Director of First Strategic Development Corporation Ltd (in liquidation) ("FSDC").

16. CONTINGENT LIABILITIES (cont'd)

LPD brought New Proceedings against the Company and some of its directors in November 2012 substantially on the same grounds, following dismissal of the Initial 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.

To date, the Company has recovered costs of $476,020 from LPD and Mayson for the indemnity costs of the dismissed Initial Proceedings and the appeal costs by LPD and Mayson. LPD has paid $347,473.56 to the directors and officers of the Initial Proceedings for the indemnity costs of the dismissed Initial Proceedings and the appeal costs by LPD and Mayson.

Like the dismissed Initial Proceedings, the Company considers the New Proceedings are without merit and will continue to vigorously defend those proceedings.

Chan, Chan and Kwok v. Macarthur Minerals Limited and Ors.

On January 20, 2016 the Company was served with another Claim in the Supreme Court of Queensland commenced by Mr Charles Chan, Mr Victor Chan (who are associated with a shareholder of the Company) and Mr Edward Kwok ("FSDC Directors' Claim"), the FSDC Directors.

The FSDC Directors are seeking damages against the Company and two of its officers relating to the debts the Supreme Court of Queensland found the FSDC Directors had incurred while trading insolvent, which became the basis of the award for damages and indemnity costs against them. In addition they claim their own legal costs of unsuccessfully defending those proceedings and their unsuccessful appeal. The FSDC Directors base the FSDC Directors' Claim on alleged misleading statements made by Company representatives.

The Company considers the FSDC Directors' Claim is without merit and will vigorously defend the FSDC Directors' Claim. Legal advisors have been appointed by the Company in respect of the FSDC Directors' Claim.

The Company and two of its officers have applied to the Supreme Court of Queensland to strike out the FSDC Directors' Claim, which was heard on August 31, 2016 and is currently waiting judgement. In addition, the FSDC Directors have had to pay into the Supreme Court of Queensland $75,000 as security for costs for the strike out application.

17. SUBSEQUENT EVENTS

a) Warrants

Since the period ended September 30, 2016, 7,500,000 warrants were exercised, raising CAD$375,000.

b) Lithium Project in Yalgoo

On October 12, 2016, the Company entered into a Minerals Rights Deed ("Deed") to acquire exclusive rights for lithium and other rare earth minerals on two granted exploration licenses in the Yalgoo region of Western Australia. Macarthur Minerals paid A$30,000 upon entering into the Minerals Rights Deed and pursuant to the Deed will pay A$50,000 upon the first anniversary of the commencement of the Purchase Agreement; A$250,000 upon defining a 5 million tonne JORC resource of >1.2% Li_2O; and A$500,000 upon defining a 15 million tonne JORC resource of >1.2% Li_2O. Net smelter royalty of: 2.5% for lithium concentrate produced on the Yalgoo tenements; and 50% of Western Australian Department of Minerals and Petroleum royalty rate for other rare earth minerals, produced on the Yalgoo tenements.

17. SUBSEQUENT EVENTS (cont'd)

c) Stonewall Project

On October 21, 2016 the Company entered into an Assignment Agreement with Voltaic Minerals Corp. (TSX-V: VLT, FSE: 2P61) ("Voltaic") to acquire the Stonewall Project located in the Lida Valley, Nevada, the basin adjacent to the Clayton Valley on the following key terms:

- Macarthur will issue 2 million ordinary shares to Voltaic at 10 cents per share.
- Macarthur will pay approximately US$48,000 by September 1, 2016 (refundable if no completion of purchase).
- completion of the Purchase Agreement scheduled for September 30, 2016, is subject to Macarthur carrying out satisfactory technical, legal and tax due diligence.
- following completion and transfer of unencumbered title to the Stonewall Project, payment to Voltaic of US$50,000 within 6 months.

On October 25, 2016, the Company issued 2 million ordinary shares to Voltaic, pursuant to the Assignment Agreement.

d) Australian Securities Exchange Initial Public Offering of Australian Lithium and Iron Ore Projects

On October 28, 2016 the board has resolved to progress an Australian Securities Exchange ("ASX") Initial Public Offering ("IPO") of its Australian lithium and iron ore projects, subject to regulatory approval. Macarthur Minerals will maintain majority ownership and control of the ASX IPO listed entity.

An ASX IPO of its Australian subsidiaries, which hold its Australian 'hard rock' lithium and iron ore projects, will provide improved price realisation for those projects more consistent with its ASX listed peers. Work has already commenced on the ASX IPO process for the Australian subsidiaries. An IPO of the Australian subsidiaries will provide Macarthur Minerals with a well-funded listed entity to advance development of the Australian lithium and iron ore projects.

The Company's wholly owned subsidiary, Macarthur Lithium Nevada Limited, will continue to advance the Stonewall Lithium Project, located in Nevada.