



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

For the Six months ended September 30, 2018

All amounts are in Australian dollars unless otherwise stated

Condensed Interim Consolidated Financial Statements – September 30, 2018

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

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

The financial report was authorized for issue by the directors on November 28, 2018. The directors have the power to amend and reissue the financial report.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

	September 30, 2018	March 31, 2018
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	291,846	1,370,288
Receivables	44,192	79,908
Security deposits and prepayments	69,789	66,500
Total current assets	405,827	1,516,696
Non-Current		
Plant and equipment (Note 4)	39,420	48,873
Exploration and evaluation assets (Note 5)	6,639,136	6,204,026
Total non-current assets	6,678,556	6,252,899
Total assets	7,084,383	7,769,595
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	285,645	443,762
Employee benefits	49,980	36,488
Warrant liability (Note 6)	146,486	146,486
Total current liabilities	482,111	626,736
Non-Current		
Accounts payable and accrued liabilities	-	-
Employee benefits	33,058	13,786
Total non-current liabilities	33,058	13,786
Total liabilities	515,169	640,522
Shareholders' equity		
Contributed equity (Note 6)	98,284,789	97,905,030
Reserves	4,125,426	4,125,426
Deficit	(95,841,001)	(94,901,383)
Total shareholders' equity	6,569,214	7,129,073
Non-controlling interests Contributed Equity	-	-
Total shareholders' equity	6,569,214	7,129,073
Total liabilities and shareholders' equity	7,084,383	7,769,595

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, 2018 \$	Three months ended September 30, 2017 \$	Six months ended September 30, 2018 \$	Six months ended September 30, 2017 \$
EXPENSES				
Depreciation (Note 4)	(696)	(6,388)	(9,453)	(12,777)
Investor relations	-	(219)	-	(7,219)
Office and general	(162,147)	(135,135)	(246,370)	(310,715)
Personnel fees	(155,280)	(199,637)	(327,474)	(411,816)
Professional fees	(63,747)	(241,778)	(236,539)	(400,020)
Rent	(31,948)	(40,635)	(53,867)	(80,842)
Share registry, filing and listing fees	(33,190)	(38,872)	(50,833)	(47,613)
Travel and accommodation	(38,666)	(32,788)	(47,266)	(57,874)
Total Administrative Expenses	(485,674)	(695,452)	(971,802)	(1,328,876)
REVENUE				
Interest Income	83	711	1,083	2,346
Other Income (Cost Order) (Note 15)	31,101	-	31,101	60,000
Gain on sale of asset	-	60,000	-	-
Change in fair value of warrant liability	-	-	-	508,463
Net loss and comprehensive loss for the period	(454,490)	(634,741)	(939,618)	(758,067)
Basic and diluted loss per ordinary share	(0.002)	(0.004)	(0.005)	(0.005)
Basic and diluted weighted average number of ordinary shares outstanding	189,342,701	157,921,571	188,957,524	159,537,496

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	Non-Controlling Interests	Total Equity
	#	\$	\$	\$	\$	\$
Balance at April 1, 2017	139,800,973	92,199,295	(91,463,263)	4,013,363	1,418,954	6,168,349
Net loss for the period	-	-	(807,153)	-	49,086	(758,067)
Share-based payment transactions	-	-	-	-	-	-
Private placement	41,975,407	2,115,819	-	-	(1,468,040)	647,779
Exercise of options and warrants	7,500,000	371,850	-	-	-	371,850
Purchase of Assets in consideration for shares	1,000,000	71,309	-	-	-	71,309
Share issuance costs	-	(60,000)	-	-	-	(60,000)
Balance at September 30, 2017	190,276,380	94,698,273	(92,270,416)	4,013,363	-	6,441,220
Balance at April 1, 2017	139,800,973	92,199,295	(91,463,263)	4,013,363	1,418,954	6,168,349
Net loss for the year	-	-	(3,389,034)	-	-	(3,389,034)
Share-based payment transactions	-	-	-	112,063	-	112,063
Derecognition of non-controlling interests	-	-	(49,086)	-	(1,418,954)	(1,468,040)
Private placement	41,975,407	2,116,829	-	-	-	2,116,829
Rights Offering	31,712,730	1,945,576	-	-	-	1,945,576
Exercise of warrants	22,892,317	1,307,678	-	-	-	1,307,678
Shares issued for exploration and evaluation	2,067,045	136,226	-	-	-	136,226
Bonus Shares to Executives	3,852,942	295,968	-	-	-	295,968
Share issuance costs	-	(96,542)	-	-	-	(96,542)
Balance at March 31, 2018	242,301,414	97,905,030	(94,901,383)	4,125,426	-	7,129,073
Balance at April 1, 2018	-	-	(939,618)	-	-	(939,618)
Net loss for the period	-	-	-	-	-	-
Share-based payment transactions	-	-	-	-	-	-
Private placement	14,252,400	379,114	-	-	-	379,114
Exercise of options and warrants	-	-	-	-	-	-
Share issuance costs	-	645	-	-	-	645
Balance at September 30, 2018	256,553,814	98,284,789	(95,841,001)	4,125,426	-	6,569,214

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, 2018	Six months ended September 30, 2017
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(939,618)	(758,067)
<i>Items not involving cash:</i>		
Depreciation	9,453	12,777
Change in fair value of warrant liability (Note 6)	-	(508,463)
<i>Changes in non-cash working capital balances:</i>		
Accounts payable and accrued liabilities	(125,353)	(127,843)
Security deposits and prepayments	(3,289)	187,842
Receivables	33,671	122,889
Net Cash used in Operating Activities	(1,025,136)	(1,070,865)
INVESTING ACTIVITIES		
Government recoveries	2,045	2,005
Investment – Stonewall project	-	(267,349)
Deferred exploration expenditures	(435,110)	(347,428)
Net Cash used in Investing Activities	(433,065)	(612,772)
FINANCING ACTIVITIES		
Proceeds from issuance of shares/exercise of options & warrants	379,114	1,090,938
Share issue and placement costs	645	(60,000)
Net Cash provided by (used in) Financing Activities	379,759	1,030,938
Change in cash and cash equivalents during period	(1,078,442)	(652,699)
Cash and cash equivalents, beginning of period	1,370,288	807,230
Cash and cash equivalents, end of period	291,846	154,531

Supplemental disclosures with respect to cash flows (Note 10)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Macarthur Minerals is an Australian public company listed in Canada on the TSX Venture Exchange (“TSX-V”) (symbol: MMS). Macarthur Minerals has significant gold, lithium, nickel, cobalt and iron ore exploration interests in Australia. Macarthur Minerals has three iron ore projects in Western Australia; the Ularring hematite project, the Moonshine magnetite project and the Treppo Grande iron ore project. In addition, Macarthur Minerals has significant lithium brine interests in the Railroad Valley, Nevada, USA.

As at September 30, 2018, the Company has the following subsidiaries:

- 100% of Macarthur Australia Limited, which holds the following 100% subsidiaries:
 - 100% of Macarthur Lithium Pty Ltd (“MLi”) which holds the Macarthur Lithium Projects;
 - 100% of Macarthur Iron Ore Pty Ltd (“Macarthur Iron Ore” or “MIO”) which owns the Lake Giles Iron Ore Projects
- 100% of Macarthur Lithium Nevada Limited (incorporated in Nevada)
- 100% of Esperance Iron Ore Export Company Pty Ltd (previously Macarthur Midway Pty Ltd)
- 100% of Macarthur Marble Bar Lithium Pty Ltd (a dormant subsidiary); and
- 100% of Macarthur Minerals NT Pty Ltd (“MMNT”) and MMNT’s 100% subsidiary, Macarthur Tulshyan Pty Ltd.

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

The Company maintains its corporate head office and principal place of business at G03, 555 Coronation Drive, Toowong, Brisbane, Queensland 4066, 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, 2018.

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, 2018.

These condensed interim consolidated financial statements were authorized by the Board of Directors of the Company on November 28, 2018.

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.

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

(Expressed in Australian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018

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, 2018, and have been consistently followed in the preparation of these condensed interim consolidated financial statements.

4. PLANT AND EQUIPMENT

	Plant & Equipment	Office Equipment	Total
	\$	\$	\$
Year ended March 31, 2018			
Opening net book value	57,232	21,972	79,204
Additions	1,811	1,810	3,621
Disposals	-	-	-
Depreciation charge	(28,992)	(4,960)	(33,952)
Closing net book amount	<u>30,051</u>	<u>18,822</u>	<u>48,873</u>
At March 31, 2018			
Cost or fair value	656,028	395,167	1,051,195
Accumulated depreciation	(625,977)	(376,345)	(1,002,322)
Net book amount	<u>30,051</u>	<u>18,822</u>	<u>48,873</u>
Six months ended September 30, 2018			
Opening net book value	30,051	18,822	48,873
Additions	-	-	-
Disposals	-	-	-
Depreciation charge	(5,685)	(3,768)	(9,453)
Closing net book amount	<u>24,366</u>	<u>15,054</u>	<u>39,420</u>
At September 30, 2018			
Cost or fair value	647,276	396,432	1,043,708
Accumulated depreciation	(622,910)	(381,378)	(1,004,288)
Net book amount	<u>24,366</u>	<u>15,054</u>	<u>39,420</u>

MACARTHUR MINERALS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Australian Dollars)

(Unaudited)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018

5. EXPLORATION AND EVALUATION ASSETS

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

Macarthur Australia Limited, a wholly owned subsidiary of Macarthur, owns 100% of Macarthur Iron Ore Pty Ltd ("MIO") and MLI which hold assets which include the iron ore/nickel/cobalt projects and lithium/gold exploration projects, respectively. Macarthur Minerals also holds 100% of Macarthur Lithium Nevada Limited ("MLiNV"), which holds a lithium exploration project in Nevada, USA.

The carrying value of the exploration and evaluation assets relates to the Lake Giles Project and lithium projects.

Recoverable value of the Lake Giles Iron Ore Projects is difficult to determine given current global conditions, in particular the fluctuating outlook in demand and price for iron ore. The operational status of these projects was assessed in the prior year, along with the carrying value, resulting in an impairment charge and write-down to estimated recoverable value of \$6,000,000.

During the year ended March 31, 2018, global market conditions have improved however given ongoing uncertainty, carrying value has been maintained at \$6,000,000. The value of Exploration and Evaluation assets will continue to be assessed on an annual basis.

As at September 30, 2018 the balance of exploration and evaluation expenditure on the Lake Giles and Pilbara Projects totalled \$6,639,136. This amount included \$157,926 incurred during the six months to September 30, 2018 on the Pilbara Projects. Costs incurred on other Pilbara projects in the period to date totalling \$160,736 have been expensed, as those tenements are still under application.

MACARTHUR MINERALS LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Australian Dollars)
(Unaudited)
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018

5. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Exploration and evaluation expenditure

Interim Expenditure

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

	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Balance as at March 31, 2017	3,834,051	2,165,949	6,000,000
Accommodation and camp maintenance	-	166,388	166,388
Drilling	-	14,676	14,676
Environmental Surveys	-	1,129	1,129
Other	-	7,104	7,104
Personnel and Contractors	-	156,871	156,871
Rent and rates	-	212,038	212,038
Research and reports	-	139,497	139,497
Sampling and testing	-	60,636	60,636
Tenement management and outlays	178,590	12,290	190,880
Travel	-	16,286	16,286
Vehicle hire	-	18,387	18,387
Government Recoveries	(2,005)	-	(2,005)
E&E expensed	-	(777,861)	(777,861)
	176,585	27,441	204,026
Balance as at March 31, 2018	4,010,636	2,193,390	6,204,026
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Incurred during the period			
Accommodation and camp maintenance	-	3,423	3,423
Environmental Surveys	-	-	-
Other	-	1,954	1,954
Personnel and Contractors	-	84,428	84,428
Rent and rates	-	55,879	55,879
Research and reports	-	247,823	247,823
Sampling and testing	-	22,320	22,320
Tenement management and outlays	-	8,397	8,397
Travel	-	2,884	2,884
Vehicle hire	-	10,047	10,047
Government Recoveries	-	(2,045)	(2,045)
	-	435,110	435,110
Balance as at September 30, 2018	4,010,636	2,628,500	6,639,136

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

5. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Commitments

In order to maintain its current rights of tenure for exploration and/or mining activities, the Company is required to perform minimum annual expenditure requirements specified by the Western Australian Government and pay local shire rents and rates. The expenditure obligations are subject to renegotiation when an application for a mining lease and/or renewal of exploration permits are made or at other times and are subject to whether the Company decides to continue a tenement's rights until its expiry. Due to the nature of the Company's activities, it is difficult to accurately forecast the amount of future expenditure that will be necessary to incur in order to maintain present interests.

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

	September 30, 2018 \$	March 31, 2018 \$
Not later than one year	1,390,514	1,190,963
Later than one year but not later than five years	5,562,057	4,475,235
	<u>6,952,571</u>	<u>5,666,198</u>

For the financial year ending March 31, 2019, the Company may apply for exemptions against expenditure in relation to those Lake Giles Iron Ore tenements which did not have sufficient expenditure recorded against them in the prior 12 months of their term. Exemption may be sought on the basis that aggregate expenditure on those tenements in prior years far exceeded the minimum required. In the event that exemption for these tenements is not granted (which the Company believes is highly unlikely), the Company may have to impair/expense the value of the amount capitalised to exploration and evaluation assets for those tenements.

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

	September 30, 2018 \$	March 31, 2018 \$
Not later than one year	556,714	720,255
Later than one year but not later than five years	5,562,057	4,475,235
	<u>6,118,771</u>	<u>5,195,491</u>

6. CONTRIBUTED EQUITY

Ordinary Shares

The Company has authorized ordinary shares with no par value. All issued shares are fully paid and are equally ranked with voting rights.

	September 30, 2018	March 31, 2018
Issued and fully paid ordinary shares:	\$ 98,284,789	\$ 97,905,030
Number of shares on issue:	256,553,814	242,301,414

6. CONTRIBUTED EQUITY (cont'd)

The Company has authorised ordinary shares with no par value. All issued shares are fully paid and are equally ranked with voting rights.

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, 2018, being 242,301,414 Common Shares. Both of the Plans were approved on August 31, 2018 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 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. For further detail on the accounting treatment of share options refer to Note 2 accounting policies of the audited consolidated financial statements for the year ended March 31, 2018.

Share Options

During the six month period ended September 30, 2018, 5,900,000 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, 2018		Year ended March 31, 2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	27,707,009	\$0.06 (CAD\$0.06)	19,907,009	\$0.06 (CAD\$0.06)
Granted	-	-	8,300,000	\$0.06 (CAD\$0.06)
Forfeited	-	-	-	-
Expired	(5,900,000)	\$0.06 (CAD\$0.06)	-	-
Exercised	-	-	(500,000)	\$0.10 (CAD\$0.10)
Outstanding, end of period	21,807,009	\$0.06 (CAD\$0.06)	27,707,009	\$0.06 (CAD\$0.06)
Options exercisable, end of period	21,807,009	\$0.06 (CAD\$0.06)	27,707,009	\$0.06 (CAD\$0.06)

MACARTHUR MINERALS LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Australian Dollars)
(Unaudited)
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018

6. CONTRIBUTED EQUITY (cont'd)

Share Options (cont'd)

Share options outstanding at September 30, 2018 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
1,330,000	CAD\$ 0.050	13 Apr 2019
3,540,000	CAD\$ 0.0525	10 Jul 2019
12,637,009	CAD\$ 0.060	21 Sep 2019
4,300,000	CAD\$0.055	19 Feb 2021

The range of exercise prices for options outstanding at September 30, 2018 is CAD\$0.05 to CAD\$0.06.

The weighted average remaining contractual life for the share options as at September 30, 2018 is 1.20 years.

Restricted Share Units

During the six month period ended September 30, 2018, no RSUs were issued, vested or expired.

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

	Six months ended September 30, 2018		Year ended March 31, 2018	
	Number of RSUs	Weighted Average Exercise Price	Number of RSUs	Weighted Average Exercise Price
Outstanding, beginning of period	5,505,882	\$0.20 (CAD\$0.20)	-	-
Granted	-	-	5,505,882	\$0.20 (CAD\$0.20)
Vested	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding, end of period	5,505,882	\$0.21 (CAD\$0.20)	5,505,882	\$0.20 (CAD\$0.20)

RSUs outstanding at September 30, 2018 have the following vesting prices and expiry dates:

Number of RSUs	Vesting Price	Expiry Date
4,705,882	CAD\$0.20	27 Nov 2020
800,000	CAD\$0.20	19 Feb 2021

During the period ended September 30, 2018 a total of \$Nil (2017: \$Nil) was recognised to profit and loss as share based compensation from RSUs. An annual review of the RSU valuation along with any subsequent adjustments will be made at year end (31 March 2019).

The weighted average remaining contractual life for the RSUs as at September 30, 2018 is 2.20 years.

MACARTHUR MINERALS LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Australian Dollars)
(Unaudited)
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018

6. CONTRIBUTED EQUITY (cont'd)

Warrants

During the six month period ended September 30, 2018 14,252,400 warrants were issued, as part of the Private Placement.

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

	Six months ended September 30, 2018		Year ended March 31, 2018	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	31,712,730	\$0.20 (CAD\$0.20)	7,500,000	\$0.05 (CAD\$0.05)
Granted	14,252,400	\$0.11 (CAD\$0.10)	72,858,027	\$0.12 (CAD\$0.12)
Forfeited	-	-	-	-
Expired	-	-	(25,752,980)	\$0.06 (CAD\$0.06)
Exercised	-	-	(22,892,317)	\$0.06 (CAD\$0.06)
Outstanding, end of period	45,965,130	\$0.16 (CAD\$0.15)	31,712,730	\$0.20 (CAD\$0.20)
Warrants exercisable, end of period	45,965,130	\$0.16 (CAD\$0.15)	31,712,730	\$0.20 (CAD\$0.20)

Warrant Liability

During the year ended March 31, 2018, equity offerings were completed whereby 72,858,027 warrants were issued with exercise prices denominated in Canadian dollars (March 31, 2017 – 15,000,000). 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 Profit or Loss and Comprehensive Income. The warrant derivative liability is classified as level 2 in the fair value hierarchy. The value of the warrant liability as at March 31, 2018 was \$146,486. As of September 30, 2018, the Company had 45,965,130 (2017 – 41,145,297) warrants outstanding, which are classified and accounted for as a financial liability. An annual review of the Warrant liability valuation along with any subsequent adjustments will be made at year end (March 31, 2019).

7. SHARE-BASED COMPENSATION

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

The fair value calculated for options issued is expensed over their vesting period as share-based compensation in the 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, 2018 period ended was nil, as no options were granted (September 30, 2017 - nil), resulting in a nil share-based compensation charge to the statement of loss and comprehensive loss (September 30, 2017 - nil).

8. RELATED PARTY TRANSACTIONS

Related party disclosure

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

Name	Country of Incorporation	% Equity Interest	
		September 30, 2018	September 30, 2017
Esperance Iron Ore Export Company Pty Ltd	Australia	100	100
Macarthur Australia Limited	Australia	100	100
Macarthur Iron Ore Pty Ltd	Australia	100	^
Macarthur Lithium Pty Ltd	Australia	100	^
Macarthur Minerals NT Pty Ltd	Australia	100	100
Macarthur Tulshyan Pty Ltd	Australia	100	100
Macarthur Marble Bar Lithium Pty Ltd	Australia	100	100
Macarthur Lithium Nevada Limited	U.S.A	100	100 [^]

[^]100% ownership transferred in the year ended March 31, 2017 to Macarthur Australia Limited.

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

During the year ended 31 March, 2017, the Company incorporated Macarthur Australia Limited and undertook a group restructure. Macarthur Australia also raised capital totaling \$1,468,040, direct from investors, and undertook an Initial Public Offering ("IPO") on the Australian Securities Exchange.

During the year end March 31, 2018, the IPO was withdrawn and costs of \$483,365 had been expensed and the Company bought back the interest to resume 100% ownership of Macarthur Australia. The buy-back was settled by way of issue of 30,019,864 shares in Macarthur Minerals at CAD\$0.05 per share.

Key Management Personnel

The following persons were key management personnel of the Company during the period ending September 30, 2018.

Executive Directors

Cameron McCall, Executive Chairman

Joe Phillips, CEO and Director

Non-Executive Directors

Alan Phillips, Non-Executive Director

David Lenigas, Non-Executive Director

Earl Evans, Non-Executive Director

8. RELATED PARTY TRANSACTIONS (Cont'd)

Details of Remuneration

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

Period ending September 30, 2018	Short Term Employee Benefits				Post-Employment Benefits		Share Based Payments	Total
	Cash Salary & Fees	Accrued Salaries	Cash Bonus	Non-monetary benefits	Super-annuation	Retirement Benefits	Options	
<i>Executive Directors</i>	\$	\$	\$	\$	\$	\$	\$	\$
C McCall	60,000	-	-	-	-	-	-	60,000
J Phillips	60,000	-	-	-	-	-	-	60,000
<i>Non-Executive Directors:</i>								
D Lenigas	30,000	-	-	-	-	-	-	30,000
A S Phillips	40,000	-	-	-	-	-	-	40,000
E Evans	-	-	-	-	-	-	-	-
Total	190,000	-	-	-	-	-	-	190,000

Remuneration accrued and payable to key management personnel as at September 30, 2018 was \$41,667.

Remuneration of each key management personnel of the Company for the period ended September 30, 2017 was as follows:

Period ending September 30, 2017	Short Term Employee Benefits				Post-Employment Benefits		Share Based Payments	Total
	Cash Salary & Fees	Accrued Salaries ^[1]	Cash Bonus	Non-monetary benefits	Super-annuation	Retirement Benefits	Options	
<i>Executive Directors</i>	\$	\$	\$	\$	\$	\$	\$	\$
D Taplin ^[2]	100,000	27,500	-	-	-	-	-	127,500
<i>Non-Executive Directors:</i>								
C McCall	40,000	-	-	-	-	-	-	40,000
D Lenigas	30,000	-	-	-	-	-	-	30,000
A S Phillips	40,000	-	-	-	-	-	-	40,000
Total	210,000	27,500	-	-	-	-	-	237,500

^[1] Accrued Salaries includes amounts accrued but not paid to the Executive Director during the period ended September 30, 2017. Total accrued salaries unpaid to the Executive Director as at September 30, 2017 is \$58,666.

^[2] D Taplin resigned on 5 February 2018.

Remuneration accrued and payable to key management personnel as at September 30, 2017 was \$95,000.

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.

MACARTHUR MINERALS LIMITED
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(Unaudited)
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018

9. TAX CONSOLIDATION

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

Macarthur Australia and its wholly owned subsidiaries MIO and MLI left this group on February 27, 2017, when Macarthur Australia issued shares to certain seed investors and it ceased to be a wholly owned subsidiary of Macarthur Minerals.

A choice was made by Macarthur Australia to form a new Australian income tax consolidated group with MIO and MLI with effect on and after February 27, 2017.

As a result of a potential reacquisition of the interest held by the seed investors in Macarthur Australia by Macarthur Minerals, Macarthur Australia and its wholly owned subsidiaries may rejoin the Macarthur Minerals Australian income tax consolidated group subsequent to September 30, 2018.

10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	Six months ended September 30, 2018	Six months ended September 30, 2017
Cash paid during the period for interest	\$4,698	\$3,206

During the period ended September 30, 2018, the Company entered into the following non-cash transactions:

- a) Recorded \$74,093 in deferred exploration expenditures through accounts payable.

During the period ended September 30, 2017, the Company entered into the following non-cash transactions:

- a) Recorded \$49,626 in deferred exploration expenditures through accounts payable.

11. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition, exploration and development of mineral properties in Australia. All of the Company's exploration and evaluation assets and plant and equipment are located in Australia.

12. FINANCIAL INSTRUMENTS

Credit Risk

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, 2018 \$	March 31, 2018 \$
Financial assets		
Cash and cash equivalents	291,846	1,370,288
Security Deposits	66,500	66,500
Receivables	44,192	79,908
	402,538	1,516,696

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12. FINANCIAL INSTRUMENTS (cont'd)

Credit Risk (cont'd)

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

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

	September 30, 2018 \$	March 31, 2018 \$
Australia	44,192	79,908
Canada	-	-
Total	44,192	79,908

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, 2018		March 31, 2018	
Cash and cash equivalents	267,324	24,522	1,368,790	1,498
Receivables	444,192	-	79,908	-
Security deposits	66,500	-	66,500	-
	378,016	24,522	1,515,198	1,498
Accounts payable and accrued liabilities	194,270	91,374	307,620	136,142
Employee Benefits	83,038	-	50,274	-
Warrant liability	-	146,486	-	146,486
	277,308	237,860	357,894	282,628
Net exposure	100,708	(213,338)	(281,130)	(281,130)

The following significant exchange rates applied during the period:

<i>AUD</i>	Average rate		Reporting date spot rate	
	September 30, 2018	March 31, 2018	September 30, 2018	March 31, 2018
Canadian dollar (CAD)	1.0353	1.0030	1.0688	1.0109

12. FINANCIAL INSTRUMENTS (cont'd)

Currency Risk (cont'd)

Sensitivity analysis

As at September 30, 2018, the Company's expenditures are in Australian dollars and Canadian dollars. As at September 30, 2018, the Company had cash of \$24,522 (March 31, 2018 – \$1,498) in a Canadian bank account and Canadian accounts payable, accrued liabilities and warrant liabilities of \$237,860 (March 31, 2018 – \$282,628). For each 10% change in the Australian dollar vs. Canadian dollar a \$22,801 gain/loss would arise (March 31, 2018 - \$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, 2018	March 31, 2018
	\$	\$
<i>Variable rate instruments</i>		
Financial assets	333,521	1,434,987

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, 2018				
Variable rate instruments	3,335	(3,335)	3,335	(3,335)
March 31, 2018				
Variable rate instruments	14,350	(14,350)	14,350	(14,350)

13. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of resource properties. The Board of Directors do not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In the management of capital, the Company includes 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 current 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, 2018. The Company is not subject to externally imposed capital requirements.

14. COMMITMENTS

	September 30, 2018	September 30, 2017
	\$	\$
a) Operating Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities:		
Within one year	-	62,500
Later than one year but not later than five years	-	-
Non-cancellable operating lease	<u>-</u>	<u>62,500</u>

The Company renewed its office lease in Brisbane for 10 months commencing September 1, 2017, which was not renewed. Refer to Note 17, Subsequent Events.

b) Exploration expenditures

Certain future exploration expenditures are required to be undertaken by the Company as a minimum retention for exploration permits. These expenditures were set out in Note 5 to the condensed interim consolidated financial statements for the period ended September 30, 2018.

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

15. CONTINGENT LIABILITIES

a) Security Bonds

The Company has a contingent liability bank guarantee issued of \$66,500 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”)

No steps have been taken in the New Proceedings by the plaintiff since January 22, 2015 and LPD cannot continue its action without first applying for leave of the Court.

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 (“FSDC Directors”) v. Macarthur Minerals Limited and Ors. (“FSDC Directors’ Claim”)

As previously reported, the FSDC Directors were ordered to pay costs in relation to the FSDC Directors’ Claim, which have been assessed for \$31,101 and received by the Company.

On 14 September 2018, the FSDC Directors replead and filed a Second Amended Statement of Claim (“Second FSDC Directors’ Claim”), based on Bond J’s judgement of 1 March 2017.

The Company and two of its officers may apply to the Supreme Court of Queensland to strike out the Second FSDC Directors’ Claim on 3 December 2018. The matter is scheduled to be reviewed by Bond J on 5 December 2018.

The Company considers the FSDC Directors’ Claim is without merit and will vigorously defend the Second FSDC Directors’ Claim.

16. SUBSEQUENT EVENTS

a) Private Placement

On August 16, 2018 the Company announced a non-brokered private placement (the “Offering”) of up to 44,000,000 units (each, a “Unit”) at a price of CAD\$0.025 per Unit (“Unit Price”) for aggregate gross proceeds of up to CAD\$1,100,000. The Unit Price is equal to the closing price of the Company’s TSX Venture Exchange listed shares on August 15, 2018. Each Unit shall be comprised of one common share in the capital of the Company (each, a “Common Share”) and one whole warrant to acquire a Common Share at an exercise price of CAD\$0.10 per Common Share for a period of twelve months from the date of issuance.

On September 24, 2018, the Company close the first tranche of the Offering for 14,252,400 Units at a price of CAD\$0.025 per Unit for aggregate gross proceeds of CAD\$356,310. The Company extended closing for Tranche 2 of the Offering until November 16, 2018.

On November 16, 2018 the Company closed the second and final tranche of the Offering for 40,738,520 Units at a price of CAD\$0.025 per Unit for aggregate gross proceeds of CAD\$1,018,463.

The total placement was oversubscribed with both tranche subscriptions totalling 54,990,920 Units for gross proceeds of CAD\$1,374,773.

Finder’s fees of CAD\$7,000 are payable in cash and 280,000 Agent’s warrants were issued at an exercise price of CAD\$0.10 per Common Share for a period of twelve months from the date of issuance for tranche 2.

16. SUBSEQUENT EVENTS (cont'd)

b) *Brisbane Office Lease*

The Company entered into an office lease for its new Brisbane Office for 3 years commencing 1 November 2018. This will be included as a commitment for period end 31 December 2018.