MACARTHUR MINERALS LIMITED

Australian Company Number 103 011 436

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

All amounts are in Australian dollars unless otherwise stated

Consolidated Financial Statements – March 31, 2019

Contents

The financial statements are presented in the Australian currency, unless stated otherwise.

The Company's corporate office and principal place of business are detailed on page 7.

The financial statements were authorized for issue by the directors on July 29, 2019. The directors have the power to amend and reissue the financial statements.

MACARTHUR MINERALS LIMITED
CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME(LOSS)
FOR THE YEARS ENDED MARCH 31
(Expressed in Australian Dollars)

	Notes	2019 $	2018 $ (Note 2(x))
EXPENSES			
Depreciation	5(a)	**(33,206)**	(33,952)
Impairment reversal – Exploration and Evaluation	5(i)	**55,851,937**	-
Exploration expenditure	5(f)	**(30,964)**	(1,486,161)
Investor relations		**(12,151)**	(108,967)
Office and general expenses		**(274,935)**	(218,572)
Personnel costs	5(b)	**(666,442)**	(1,274,148)
Professional fees	5(c)	**(562,057)**	(606,451)
Rent		**(94,758)**	(119,689)
Share-based compensation	5(b)	**(413,725)**	(112,063)
Share Registry, filing and listing fees		**(110,021)**	(128,429)
Travel and accommodation		**(148,836)**	(201,622)
		53,504,842	(4,290,054)
OTHER INCOME (EXPENSES)			
Interest income	5(d)	**4,465**	9,043
Other income - cost recoveries	5(e)	**41,323**	530,000
Change in fair value of warrant liability	5(h)	**(2,433,415)**	361,977
Net profit(loss) before income tax		**51,117,215**	(3,389,034)
Income tax expense	6	**-**	-
Net profit(loss) for the year		**51,117,215**	(3,389,034)
Other comprehensive income for the year, net of tax		**-**	-
Net comprehensive income(loss) for the year		**51,117,215**	(3,389,034)
Basic earnings(loss) per ordinary share	7	**0.19**	(0.02)
Diluted earnings(loss) per ordinary share	7	**0.19**	(0.02)

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

MACARTHUR MINERALS LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Australian Dollars)
AS AT MARCH 31

	Notes	2019 $	2018 $
ASSETS			
Current			
Cash and cash equivalents	8	**318,028**	1,370,288
Other receivables	9	**49,898**	79,908
Security deposits	10	**55,750**	66,500
Total current assets		**423,676**	1,516,696
Non-Current			
Plant and equipment	11	**15,667**	48,873
Exploration and evaluation assets	12	**62,993,644**	6,204,026
Total non-current assets		**63,009,311**	6,252,899
Total assets		**63,432,987**	7,769,595
LIABILITIES			
Current			
Trade and other payables	13	**364,667**	443,762
Provisions	14	**42,779**	36,488
Warrant liability	16	**2,579,901**	146,486
Total current liabilities		**2,987,347**	626,736
Non-Current			
Provisions	14	**18,807**	13,786
Total non-current liabilities		**18,807**	13,786
Total liabilities		**3,006,154**	640,522
Net assets		**60,426,833**	7,129,073
SHAREHOLDERS' EQUITY			
Contributed equity	15(a)	**99,671,850**	97,905,030
Reserves	15(b)	**4,539,151**	4,125,426
Accumulated losses		**(43,784,168)**	(94,901,383)
Total shareholders' equity		**60,426,833**	7,129,073

Nature and continuance of operations (Notes 1 and 2)
Commitments (Notes 12 and 22)
Subsequent events (Note 24)
Contingent liabilities (Note 23)

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

MACARTHUR MINERALS LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Australian Dollars)

	Number of Shares	Contributed Equity $	Accumulated losses $	Reserves $	Non-Controlling Interests $	Total $
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 placements	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
Net profit for the year	-	-	51,117,215	-	-	51,117,215
Share-based payment transactions[1]	-	-	-	413,725	-	413,725
Private placements[2]	62,634,870	1,761,718	-	-	-	1,761,718
Exercise of options[2]	230,000	12,035	-	-	-	12,035
Share issuance costs[2]	-	(6,933)	-	-	-	(6,933)
Balance at March 31, 2019	**305,166,284**	**99,671,850**	**(43,784,168)**	**4,539,151**	**-**	**60,426,833**

[1] Refer to Note 18 - Share based payments
[2] Refer to Note 15 - Share issues

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

MACARTHUR MINERALS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Australian Dollars)
FOR THE YEARS ENDED MARCH 31

	Notes	2019 $	2018 $
OPERATING ACTIVITIES			
Payments to suppliers and employees		**(1,917,281)**	(3,415,997)
Interest received		**4,465**	9,043
Other Income – cost recoveries		**41,323**	530,000
Interest Paid		**(9,906)**	(8,768)
Net cash flows used in operating activities	8	**(1,881,399)**	(2,885,722)
INVESTING ACTIVITIES			
Net purchases of plant and equipment		**-**	(3,621)
Exploration and evaluation additions		**(868,236)**	(139,110)
Net cash flows used in investing activities		**(868,236)**	(142,731)
FINANCING ACTIVITIES			
Proceeds from share issues		**1,704,308**	3,628,054
Share issuance costs		**(6,933)**	(36,542)
Net cash flows provided by financing activities		**1,697,375**	3,591,512
Change in cash and cash equivalents during the year		**(1,052,260)**	563,059
Cash and cash equivalents, beginning of the year		**1,370,288**	807,229
Cash and cash equivalents, end of year	8	**318,028**	1,370,288

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

Note 1: Nature and Continuance of Operations

Macarthur Minerals Limited (the "Company") is an Australian public company listed in Canada on the TSX Venture Exchange ("TSX-V") (symbol: MMS) and OTC Markets ("OTCQB") (symbol: MMSDF). Macarthur Minerals has three iron ore projects in the Yilgarn region of Western Australia. The Company has also established multiple project areas in the Pilbara, Western Australia for conglomerate gold, hard rock greenstone gold and hard rock lithium. In addition, Macarthur Minerals has significant lithium brine interests in the Railroad Valley, Nevada, USA.

As at March 31, 2019, the Company has the following subsidiaries (who are collectively the "Group"):

- 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 Iron Ore Projects
- 100% of Macarthur Lithium Nevada Limited (incorporated in Nevada)
- 100% of Esperance Iron Ore Export Company Pty Ltd (previously Macarthur Midway Pty Ltd)
- 100% of Macarthur Marble Bar Lithium Pty Ltd (previously Bachelor Project Pty Ltd) (a dormant subsidiary); and
- 100% of Macarthur Minerals NT Pty Ltd ("MMNT") and MMNT's 100% subsidiary, Macarthur Tulshyan Pty Ltd.

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

The Company maintains its corporate head office and principal place of business at G03, 555 Coronation Drive, Toowong, Queensland 4064, Australia.

The financial statements were authorized for issue on July 29, 2019 by the directors of the Company.

Note 2: Summary of Significant Accounting Policies

Material financial accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the consolidated entity consisting of Macarthur Minerals Limited and its subsidiaries. Refer to Note 20 for details of subsidiaries.

a) Basis of preparation

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001 (Cth). The financial report complies with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The separate financial statements of the parent entity have been presented within this financial report as permitted by the Corporations Act 2001 (Cth).

Except for cash flow information, the financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Note 2: Summary of Significant Accounting Policies (cont'd)

b) Going concern

This financial report has been prepared on a going concern basis which assumes that the Company will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's cash and cash equivalents balance at the reporting date is $318,028.

The Company's continuing operations are dependent upon its ability to raise either additional equity capital or other funding, project financing or generate cash flow from operations in the future, which could include the realisation through sale of part or all exploration assets, none of which is assured. This depends upon the realisation of economic, operating and trading assumptions about future events and actions, which may not necessarily occur, and the successful implementation of management plans to commercialise its mining projects through development or sale and to manage the Group's affairs to meet its commitments until this takes place. These conditions and matters indicate the existence of a material uncertainty that may cast significant doubt about the Company's and the Group's ability to continue as a going concern.

The Company has prepared a business plan to manage operations and expenditures over the coming twelve months, in order to ensure that the Company has sufficient funds to meet its obligations as they become due. In particular, the Company has advanced its plans for its Iron Ore projects, and lithium and gold projects, as well as having entered a range of commercial agreements (refer Notes 12 & 24), which include commitments for funding of $US6.0 million by way of convertible notes.

On the basis of these arrangements, and the ability of the Company to raise further capital as and when needed, the Directors have prepared the financial report on a going concern basis.

This financial report does not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary, should the Company be unable to secure additional equity capital, financing or generate cash from operations in the future and thus be unable to continue as a going concern.

c) Principles of consolidation

(i) Subsidiaries

The financial report incorporates the assets, liabilities and results of all subsidiaries controlled by the Company.

The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between companies are eliminated in full on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the parent.

d) Mineral exploration and evaluation assets

The Company is currently in the exploration and evaluation stage of its exploration projects and applies the following policies.

Note 2: Summary of Significant Accounting Policies (cont'd)
d) Mineral exploration and evaluation assets (cont'd)

(i) Exploration and evaluation properties

Exploration and evaluation expenditure are accumulated separately for each area of interest and capitalised to exploration and evaluation assets. Such expenditures comprise net direct costs, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest. Expenditure in respect of any area of interest or mineral resource is carried forward provided that:

- the Company's rights of tenure to that area of interest are current;
- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively by its sale; or
- exploration and/or evaluation activities in the areas of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas are continuing.

All other exploration and evaluation expenditure is expensed as incurred. Exploration and evaluation expenditure previously capitalised but which no longer satisfies the above policy is impaired and expensed to profit and loss.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

In keeping with the foregoing policy, an impairment reversal adjustment has been made this financial year in relation to the carrying value of the iron ore assets.

e) Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit and loss and other comprehensive income(loss) during the financial period in which they are incurred.

Depreciation in assets is calculated as follows:

Plant & Equipment	5% to 33.33% Straight-line Method
	22.5% Diminishing Value Method
Office Equipment	10% to 33.33% Straight-line Method
	37.5% Diminishing Value Method

The assets' residual values and useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting period.

Note 2: Summary of Significant Accounting Policies (cont'd)

***e) Property, Plant and equipment* (cont'd)**

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Depreciation is calculated to write-off the asset's cost over its estimated useful life, commencing from when the asset is first ready for use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit and loss.

f) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g) Financial Instruments

The Company has adopted new accounting standard AASB 9: Financial Instruments, from 1 April 2018 (IFRS 9: Financial Instruments). AASB 9 replaces the provisions of AASB 139 (IAS 39) that relate to the recognition, classification and measurement of financial assets and financial liabilities. Application of AASB 9 had no impact on the Company's financial statements, nor on its accounting policies.

(i) Recognition

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed immediately.

(ii) Subsequent measurement

Financial instruments are subsequently measured at either fair value through profit or loss, and amortised cost using the effective interest rate method.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- less any reduction for impairment.

Note 2: Summary of Significant Accounting Policies (cont'd)

g) Financial Instruments (cont'd)

(iii) Impairment

All financial assets are considered to be low credit risk. The Company assesses at each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognised in profit and loss using the General Approach under AASB9 (IFRS 9). The Company has a zero expected loss rate.

(iv) De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit and loss.

h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

i) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Company's and its subsidiaries functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss, except when they are deferred in equity as qualifying cash flow or net investment hedges.

j) Segment Reporting

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.

k) Trade and other payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The balance is recognised as a current liability, amounts are unsecured and are usually paid within 30 days of recognition of the liability.

Note 2: Summary of Significant Accounting Policies (cont'd)
l) Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments, where substantially all the risks and benefits remain with the lessor, are recognised as an operating expense in the statement of profit and loss over the lease term. Operating lease incentives are recognised as a liability and depreciated on a straight line basis over the lease term.

m) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of managements' best estimate of the expenditure required to settle the present obligation at the reporting period date.

n) Employee benefits

(i) Wages and salaries, annual leave and superannuation

Liabilities for salaries, including annual leave and superannuation, expected to be settled within 12 months of the reporting date are recognised as Current Employee Benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(iii) Share-based compensation

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods to represent the value of services rendered. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to a reserve. The fair value of equity instruments is determined using the relevant options pricing model. The number of instruments expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Note 2: Summary of Significant Accounting Policies (cont'd)

o) Provision for closure and restoration

An obligation to incur closure and restoration costs arises with the retirement of long-lived assets that the Company is required to settle. Such costs arising from the decommissioning of plant, exploration and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the Company operates.

For the periods presented, there are no material provisions for closure and restoration.

p) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated goods and services tax ("GST"), unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

q) Income tax

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax paid or payable in respect of previous years.

Deferred income tax is recognised, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, as well as unused tax losses. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or when the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(i) Deferred Tax Balances

Deferred income tax balances have not been recognised as it has not yet become probable that they will be recovered and utilised.

(ii) Tax consolidation legislation

The Company and its wholly owned Australian incorporated subsidiaries are a tax-consolidated group for income tax purposes. As a consequence, all members of the tax-consolidated group are taxed as a single entity.

Note 2: Summary of Significant Accounting Policies (cont'd)

r) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Proceeds from warrant unit placements are allocated between shares and warrants issued. Warrants that are part of units are assigned a value based on the residual value of the unit after deducting the fair value of the common shares. Where warrants are denominated in a currency other than the Company's functional currency, they are considered a derivative liability and marked to market at each period using the Black-Scholes model.

s) Earnings per share

(i) *Basic earnings per share*

Basic earnings per share is determined by dividing net profit/(loss) after income tax attributable to ordinary equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year; adjusted for bonus elements in ordinary shares issued during the year.

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Potential ordinary shares are treated as dilutive if their exercise price exceeds the average market price of ordinary shares during the period.

However, where their conversion would decrease the loss per share from continuing operations, then this calculation is treated as anti-dilutive.

t) Revenue recognition

The Company has adopted new accounting standard AASB 15: Revenue (IFRS 15), from 1 April 2018. Application of the new standard had no impact on the Company's financial statements. The Company's only sources of revenue are other income items such as interest and cost recoveries. The Group recognises revenue when the amount can be readily measured and it is probable that future economic benefit will flow to the entity (control).

Interest income is recognised on a time proportion basis using the effective interest method.

u) Fair Value Measurement

Fair value is determined by reference to an orderly transaction between independent, knowledgeable and willing market participants. There are no assets or liabilities measured at fair value on a recurring basis after initial recognition, other than the warrant liability (Note 16). For financial assets and liabilities their fair values approximate carrying values due to their short term nature.

v) Critical accounting estimates and judgements

The preparation of the financial report requires that management make judgements, estimates and assumptions that affect the reported amounts in the financial report and disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and best available current information, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The estimates and judgements that affect the application of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

Note 2: Summary of Significant Accounting Policies (cont'd)
(v) Critical accounting estimates and judgements (cont'd)

(i) Exploration and Evaluation Expenditure (Note 12)

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely, and is based on assumptions about future events or circumstances.

Recoverable value of exploration assets is based on the assessment of current economic conditions.

(ii) Deferred tax assets

The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets, as set out in Note 6.

(iii) Going concern

As set out in Note 2(b), the Financial Report has been prepared on a going concern basis.

(iv) Share-based payment transactions (Note 17)

The Company measures the costs of equity-settled transactions with directors, officers, employees and consultants by reference to the fair values of the equity instrument. The fair value of equity-settled transactions is determined using the relevant Black-Scholes model as measured on the grant date. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the equity, and the estimated forfeiture rate for market based vesting conditions.

(v) Warrant liability (Note 16)

The valuation of the liability is based on assumptions including the expected price volatility of the Company's common shares.

w) New Accounting Standards for Application in Future Periods

New standards and amendments that are considered to be relevant to the Company's operations and consolidated financial statements are summarised below and are not expected to have a significant impact on the financial statements of the Company.

AASB 16(IFRS 16), "Leases" is effective for annual periods beginning on or after January 1, 2019.

New standard to establish principles for recognition, measurement, presentation, and disclosure of leases with an impact on lessee accounting, This standard has not yet been adopted by the Company and is being evaluated to determine its impact, but will result in recognition of the Company's premises lease on the Statement of Financial Position.

x) Comparative Figures
Certain comparative figures have been reclassified to conform to changes in the current year's presentation, with no impact on prior years' net loss.

(Expressed in Australian Dollars)

Note 3: Financial Instruments and Financial risk management (cont'd)

Financial risk factors

The Company's principal financial instruments are cash and cash equivalents, the main purpose of which is to fund the Company's operations. The Company has various other financial assets and liabilities such as security deposits, other receivables and trade payables, which arise directly from its operations. It is, and has been throughout the years ended March 31, 2019 and March 31, 2018, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are cash flow credit risk, liquidity risk, interest rate risk, and foreign currency risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

The Company's contracted financial instruments are summarised as:

	Note	**Consolidated Carrying Amount**	
		2019	**2018**
		$	**$**
Financial assets			
Cash and cash equivalents	8	**318,028**	1,370,288
Other receivables	9	**9,630**	284
Security Deposits	10	**55,750**	66,500
		65,380	66,784
Total financial assets		**383,408**	1,437,072
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	13	**364,667**	443,762
Total financial liabilities		**364,667**	443,762

a) Credit risk

The Company's primary exposure to credit risk is on its cash and cash equivalents. The Company limits its exposure to credit risk by maintaining its financial liquid assets with high-credit quality financial institutions.

The Company will trade only with recognised, creditworthy third parties. Credit verification procedures will be carried out when deemed necessary and receivable balances will be monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Exposure to credit risk

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

	2019	**2018**
	$	**$**
Financial assets		
Cash and cash equivalents	**318,028**	1,370,288
Other receivables	**9,630**	284
Security Deposits	**55,750**	66,500
	383,408	1,437,072

The Company's receivables exclude current outstanding taxation payments recoverable from the Australian Government. These statutory amounts are excluded under Accounting Standards in the above analysis

(Expressed in Australian Dollars)

Note 3: Financial risk management (cont'd)

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

	2019 $	2018 $
Australia	**369,138**	1,435,574
Canada	**14,270**	1,498
	383,408	1,437,072

b) Liquidity risk

The Company's objective is to raise sufficient funds from equity and/or debt to finance its development and exploration activities until its operations become profitable.

The Company manages its liquidity risk by planning and budgeting its operational and growth requirements. The Company monitors its forecast cash flows and ensures funds are in place to meet its operational needs in the short to medium term.

The Company has limited financial resources and there is no assurance that additional funding will be available to allow the Company to acquire, explore and develop its exploration and evaluation assets. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration or development.

The Company is dependent on raising funds through equity and/or debt, or disposing of interests in its mineral properties (by options, joint ventures or outright sales) in order to finance development of its exploration and evaluation assets, further acquisitions, undertake exploration and meet general and administrative expenses in the immediate and long term. There can be no assurance that the Company will be successful in raising the required financing (refer Note 2(b)).

Exposure to liquidity risk

The below table analyses the Company's non-derivative financial assets and liabilities into maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contracted undiscounted cash flows.

As at March 31, 2019

	Within 1 year	Total
Financial assets	**383,408**	**383,408**
Financial liabilities	**(364,667)**	**(364,667)**
Net cashflow	**18,741**	**18,741**

As at March 31, 2018

	Within 1 year	Total
Financial assets	1,437,072	1,437,072
Financial liabilities	(443,762)	(443,762)
Net cashflow	993,310	993,310

c) Interest rate risk

The Company's cash equivalents are highly liquid and earn interest at market rates. Due to the short term nature of these financial instruments, fluctuations in market interest rates do not have a significant impact on the fair values of these financial instruments.

Note 3: Financial risk management (cont'd)

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

	2019 $	2018 $
Interest-bearing financial instruments		
Financial assets	**373,778**	1,436,788

Financial assets are comprised of:

	2019 $	2018 $
Cash and cash equivalents	**318,028**	1,370,288
Security deposits	**55,750**	66,500
	373,778	1,436,788

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates on the above interest-bearing financial instruments at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

	Profit or loss		Equity	
	100bp increase $	100bp decrease $	100bp increase $	100bp decrease $
March 31, 2019				
Interest-bearing financial instruments	**3,738**	**(3,738)**	**3,738**	**(3,738)**
March 31, 2018				
Interest-bearing financial instruments	14,367	(14,367)	14,367	(14,367)

d) Foreign currency risk

The Company's consolidated financial statements can be affected by movements in the CAD$/AUD$ exchange rate, due to some administrative expenses and liabilities being incurred in Canadian dollars.

Exposure to currency risk

The Company's exposure to foreign currency risk at the statement of financial position date was as follows:

	AUD $	CAD $	AUD $	CAD $
	2019		2018	
Cash and cash equivalents	**303,758**	**14,270**	1,368,790	1,498
Receivables	**49,898**	**-**	79,908	-
Security Deposits	**55,750**	**-**	66,500	-
	409,406	**14,270**	1,515,198	1,498
Trade and other payables	**303,336**	**61,331**	307,620	136,142
Employee Benefits	**61,586**	**-**	50,274	-
Warrant liability	**-**	**2,579,901**	-	146,486
	364,922	**2,641,232**	357,894	282,628
Net exposure	**44,484**	**(2,626,962)**	1,157,304	(281,130)

(Expressed in Australian Dollars)

Note 3: Financial risk management (cont'd)

d) Foreign currency risk (cont'd)

The following significant exchange rates applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Canadian dollar (CAD$)	**1.0452**	1.0030	**1.0545**	1.0109

Sensitivity analysis

A 10% strengthening of the Australian dollar against the Canadian dollar at March 31, 2019 on the above net exposure to Canadian assets and liabilities would have decreased equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2018.

	Equity	Profit or loss
	$	**$**
March 31, 2019		
CAD$	**277,013**	**277,013**
March 31, 2018		
CAD$	29,041	29,041

A 10% weakening of the Australian dollar against the Canadian dollar at March 31, 2019 would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

e) Commodity price risk

The Company's future revenues are expected to be in large part derived from the mining and sale of minerals or interests related thereto. The price of various minerals has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international economic, financial and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of mineral substitutes, mineral stock levels maintained by producers and others and inventory carrying costs. The effect of these factors on the price of various minerals, and therefore the economic viability of the Company's operations cannot accurately be predicted.

As the Company has not yet reached the mining stage, its exposure to price risk has no impact on the financial statements, however price risk is a critical assumption for the Group's economic studies on its Iron Ore Projects and for impairment testing.

f) Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3: Inputs that are not based on observable market data.

(Expressed in Australian Dollars)

Note 3: Financial risk management (cont'd)

f) Fair value (cont'd)

The fair values of the Company's cash and cash equivalents, other receivables, and accounts payable and accrued liabilities approximate carrying values, which are the amounts recorded on the consolidated statement of financial position due to their short-term nature. The Company's only financial instrument classified as fair value through profit or loss is the Warrant Liability, which is classified as Level 2 in the fair value hierarchy, refer to Note 16 for additional information.

Note 4: Capital Management

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

The properties in which the Company currently has an interest are in the exploration and development stage; as such the Company is dependent on external financing to fund activities. In order to carry out planned exploration, conduct studies and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

In addition to its lithium and iron ore exploration and evaluation activities, the Company will continue to assess new properties and seek to acquire an interest in additional properties if there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As set out in Note 15, further equity was issued in the year.

There were no other changes in the Company's approach to capital management during the year ended March 31, 2019. The Company is not subject to externally imposed capital requirements.

Note 5: Revenue and expenses

Result for the year includes the following items:

		2019 $	2018 $
a)	***Depreciation***		
	Depreciation	**33,206**	33,952
b)	***Employee benefits expense***		
	Personnel costs	**666,442**	1,274,148
	Share-based compensation	**413,725**	112,063
c)	***Professional fees include the following significant amounts:***		
	- Legal costs	**275,122**	231,358
	- External consultants	**194,699**	234,075
d)	***Finance Revenue***		
	Bank interest income	**4,465**	9,043

(Expressed in Australian Dollars)

		2019 $	2018 $
e)	***Cost Recoveries:***		
	- FSDC legal matter (Note 23(b))	**31,101**	-
	- MMPS (Yalgoo Project)	**-**	300,000
	Option Fee Income:		
	- Panorama Gold Project	**-**	230,000
	Rent & Rates Reimbursement	**10,222**	-
f)	***Exploration & evaluation expenditure costs of:***		
	Capitalised and written-off (Note 12)	**-**	777,861
	Expensed	**30,964**	708,300
g)	***Other:***		
	- Net foreign exchange gain	**1,009**	7,116
	- Finance costs	**9,906**	8,768
h)	***Change in fair value of warrant liability:***		
	- Change in fair value of warrant liability (Note 16)	**(2,433,415)**	361,977
i)	***Impairment reversal***		
	Reversal of Impairment of Exploration and Evaluation assets (Note 12**)**	**55,851,937**	**-**

Note 6: Income tax

		2019 $	2018 $
a)	***Reconciliation of income tax equivalent expense (credit) to prima facie tax equivalent payable***		
	Profit (loss) from continuing operations before income tax expense	**51,117,215**	(3,389,034)
	Tax at Australian tax rate of 27.5%	**14,057,234**	(931,984)
	Adjustment for the tax effect of:		
	Impairment reversal – exploration expenditure	**(15,359,283)**	-
	Change in fair value of warrant liability	**669,189**	(99,544)
	Share based payments	**113,774**	30,817
	Other	**201**	44,129
		(518,885)	(956,582)
	Income tax losses and temporary differences not carried forward as deferred tax assets	**518,885**	956,582
	Income tax expense(credit) attributable to profit(loss)	**-**	-

b) ***Change in tax rate***

Changes in tax laws and rates may affect any recorded deferred tax assets and liabilities and the Company's effective tax rate in the future. The applicable tax rate as at March 31, 2019 was 27.5% on the basis that Macarthur Minerals was a Small Business Entity for the purposes of the tax law.

Deferred tax in the year to March 31, 2019 has been measured using the effective rate that will apply in Australia to Macarthur Minerals from April 1, 2017 (i.e. 27.5%).

c) ***Tax consolidation***

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

(Expressed in Australian Dollars)

Note 6: Income tax (cont'd)

d) Tax losses

Consolidated tax losses for which no deferred tax has been recognised:

	Tax losses from operations	Tax losses on capital raising expenses	Total
	$	$	$
2019			
Tax losses	**78,170,869**	**5,217,972**	**83,388,841**
Potential benefit	**21,469,835**	**1,434,942**	**22,904,777**
2018			
Tax losses	76,185,272	5,217,972	81,403,244
Potential benefit	20,950,950	1,434,942	22,429,309

The tax benefit of these losses will only be obtained if:

- The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised.
- The Company continues to comply with the conditions for deductibility of losses imposed by the relevant tax legislation.

In particular, the Company's tax losses can be carried forward to offset its future income and the future income of members of its tax consolidated group, subject to the satisfaction of the Continuity of Ownership Test or the Same or Similar Business Test, and having regard to the application of the "available fraction".

In this respect the ability to utilise tax losses in the future will be dependent on specific shareholding tracing in the years of losses and the future years of income, and future events including the business activity of the Company in future years of income.

Note 7: Earnings per share

Basic earnings per share is calculated by dividing net income/(loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive options, RSU's and warrants. Refer to the accounting policy in Note 2(s)(ii).

The following reflects the income and share data used in the total basic and diluted earnings per share computations.

	2019	2018
	$	$
Net profit/(loss) for the year	**51,117,215**	(3,389,034)
	Number	Number
Weighted average number of ordinary shares for basic earnings per share	**264,903,886**	188,568,114
Weighted average number of ordinary shares for diluted earnings per share	**264,903,886**	188,568,114

The Company's outstanding options, warrants and RSU's that did not have a dilutive effect at March 31, 2019 are set out in Note 18. None had a dilutive effect, as the average market share price of the Company in the year was below the exercise price of these securities.

(Expressed in Australian Dollars)

Note 8: Cash and cash equivalents

	2019 $	2018 $
Cash at bank and in hand		
Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates	**318,028**	1,370,288
	318,028	1,370,288

The fair value of cash and cash equivalents is $318,028 (2018: $1,370,288).

	2019 $	2018 $
Reconciliation of net profit/(loss) after income tax to the net cash flows from operations		
Net Profit/(Loss)	**51,117,215**	(3,389,034)
Adjustments for:		
Depreciation	**33,206**	33,952
Share-based payments – employees & other costs	**413,725**	693,690
Change in fair value of warrant liability	**2,433,415**	(361,977)
Impairment expense/(income)	**(55,851,937)**	-
Changes in Assets and Liabilities:		
Receivables and other assets	**40,760**	304,160
Payables and provisions	**(67,783)**	(166,513)
Net cash used in operating activities	**(1,881,399)**	(2,885,722)

	2019 $	2018 $
Cash paid during the year for interest	**9,906**	8,768
Cash paid during the year for income taxes	**-**	-

During the year ended March 31, 2019, the Company entered into the following non-cash investing and financing activities:

a) Issued 2,568,320 common shares valued at $69,445 capitalised to Exploration and Evaluation assets.

During the year ended March 31, 2018, the Company entered into the following non-cash investing and financing activities:

a) Issued 30,019,864 common shares valued at $1,468,040 to settle the buy-back of Macarthur Australia (Note 20).
b) Issued 1,067,045 common shares valued at $64,916 capitalized to Exploration and Evaluation Assets.

Note 9: Other Receivables

	2019 $	2018 $
Other receivables	**49,898**	79,908
	49,898	79,908

Note 10: Security Deposits

	2019 $	2018 $
Security deposits	**55,750**	66,500
	55,750	66,500

(Expressed in Australian Dollars)

Note 11: 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	30,051	18,822	48,873
At March 31, 2018			
Cost or fair value	656,028	395,167	1,051,195
Accumulated depreciation and impairment	(625,977)	(376,345)	(1,002,322)
Net book amount	30,051	18,822	48,873
Year ended March 31, 2019			
Opening net book value	**30,051**	**18,822**	**48,873**
Additions	**-**	**-**	**-**
Disposals	**-**	**-**	**-**
Depreciation charge	**(24,742)**	**(8,464)**	**(33,206)**
Closing net book amount	**5,309**	**10,358**	**15,667**
At March 31, 2019			
Cost or fair value	**656,028**	**395,167**	**1,051,195**
Accumulated depreciation and impairment	**(650,719)**	**(384,809)**	**(1,035,528)**
Net book amount	**5,309**	**10,358**	**15,667**

Note 12: 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 March 31, 2019 the Company held 100% of the outstanding and issued share capital of Macarthur Australia. Macarthur Australia's wholly owned subsidiaries MIO and MLi hold assets which include the Iron Ore Projects and Lithium Exploration Projects, respectively. Macarthur Minerals also holds 100% of Macarthur Lithium Nevada Limited ("MLiNV"), which holds a Lithium Exploration Project in Nevada.

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

At March 31, 2019, based on the improvement in global demand and price for iron ore, coupled with the achievement of certain strategic milestones in the development of its iron ore assets, the Company is advancing their projects and has entered into a range of commercial arrangements and funding commitments (refer Note 24).

The Company has therefore re-assessed the recoverable value of the Iron Ore projects based on discounted cash flow modelling of the economic potential of the projects. The modelling includes assumptions for project development costs, sales volumes, sales prices, production volumes, production costs and foreign exchange rates. The Company engaged Engenium Pty Ltd to complete a Preliminary Economic Assessment (PEA) of the Ularring and Moonshine Projects which indicated an NPV of $535M (using 8% WACC). The Project NPV is most sensitive to iron ore pricing, followed by operating costs and capital costs. At discounts to the forecast iron ore price of 10% and 20%, the project NPV was $289m and $42m, respectively. Holding the forecast iron ore price constant but applying a 20% increase in operating and capital costs, the project NPV was $233m and $450m, respectively. On this basis, the Company assessed the recoverable value of the projects to be in excess of historical capitalised costs. Consequently, the impairment change of $55,851,937 raised in 2016 has been reversed.

(Expressed in Australian Dollars)

Note 12: Exploration and Evaluation Assets (cont'd)

The Iron Ore projects' book value reflects the historical costs of exploration and evaluation expenditure capitalised in accordance with the Company's accounting policy and Australian accounting standards and IFRS.

Exploration expenditure of $937,681 was capitalised during the year ended March 31, 2019 (2018, $204,026), as per table below.

Exploration and evaluation expenditure

	Acquisition Costs	Deferred Exploration Costs	Total
	$	$	$
Balance as at March 31, 2017	**3,834,051**	**2,165,949**	**6,000,000**
Incurred during the year			
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)
Costs 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**
Incurred during the year			
Accommodation and camp maintenance	-	15,780	15,780
Drilling	-	78,754	78,754
Other	-	27,501	27,501
Personnel and Contractors	-	164,388	164,388
Rent and rates	-	237,987	237,987
Research and reports	-	333,717	333,717
Sampling and testing	-	31,627	31,627
Tenement management and outlays	-	23,231	23,231
Travel	-	8,169	8,169
Vehicle hire	-	18,572	18,572
Government Recoveries	-	(2,045)	(2,045)
E&E Impairment reversal	-	55,851,937	55,851,937
	-	**56,789,618**	**56,789,618**
Balance as at March 31, 2019	**4,010,636**	**58,983,008**	**62,993,644**

All capitalised exploration costs represent costs incurred during the exploration and evaluation phase. $525,739 relates to lithium projects, and the remaining amount all relates to the Iron Ore project.

(Expressed in Australian Dollars)

Note 12: 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 in the tenement documents. 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:

	2019 $	2018 $
Not later than one year	**1,301,789**	1,190,963
Later than one year but not later than five years	**4,754,055**	4,475,235
	6,055,844	5,666,198

For the financial year ending March 31, 2020, the Company may apply for exemptions against expenditure in relation to those tenements which did not have sufficient expenditure recorded against them in the prior 12 months of their term. Exemption has and may be sought on the basis that aggregate expenditure on those tenements in prior years far exceeded the minimum required. In the event that exemption for these tenements is not granted (which the Company believes is highly unlikely), the Company may have to impair/expense the value of the amount capitalised to exploration and evaluation assets for those tenements.

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

	2019 $	2018 $
Not later than one year	**775,489**	720,255
Later than one year but not later than five years	**4,754,055**	4,475,235
	5,529,544	5,195,490

As per Note 24, the Company entered into an option agreement with FEL for its lithium and gold tenements in the Pilbara region of Western Australia. The option was exercised on July 2, 2019 and will result in a $1,888,929 reduction in expenditure commitments over the coming years.

Note 13: Trade and other payables

	2019 $	2018 $
Current		
Trade creditors	**267,594**	336,252
Other creditors and accruals	**97,073**	107,510
	364,667	443,762

(Expressed in Australian Dollars)

Note 14: Provisions

The liabilities recognised for employee benefits consist of the following amounts:

	2019	2018
Current	**$**	**$**
- Short term employee obligations	**42,779**	36,488
Non-current:		
- Long service leave entitlements	**18,807**	13,786
	61,586	50,274

Opening balance	**50,274**	43,989
Additional provisions	**65,348**	51,433
Amounts used	**(54,036)**	(45,148)
Closing Balance	**61,586**	**50,274**

The current portion of these liabilities represents the Company's obligations to its current employees that relate to annual/long service leave which have vested.

Note 15: Contributed equity and reserves

a) Ordinary Shares

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

	2019	2018
	$	**$**
Ordinary shares		
Issued and fully paid	**99,671,850**	97,905,030
	Number	**Number**
Number of shares on issue	**305,166,284**	242,301,414

	2019	2018
At the beginning of the reporting period	**242,301,414**	139,800,973
Shares issued during the year:		
i. July 13, 2017 (CAD$0.07 per share)	**-**	1,000,000
ii. July 27, 2017 (CAD$0.05 per share)	**-**	34,907,782
iii. Aug 21, 2017 (CAD$0.05 per share)	**-**	1,705,690
iv. Aug 21, 2017 (CAD$0.06 per share)	**-**	830,110
v. Aug 24, 2017 (CAD$0.05 per share)	**-**	40,686
vi. Sept 12, 2017 (CAD$0.05 per share)	**-**	4,491,139
vii. Nov 28, 2017 (CAD$0.085 per share)	**-**	2,352,942
viii. Dec 13, 2017 (CAD$0.06 per share)	**-**	31,712,730
ix. Feb 1, 2018 (CAD$0.0621 per share)	**-**	803,944
x. Feb 13, 2018 (CAD$0.0561 per share)	**-**	263,101
xi. Feb 20, 2018 (CAD$0.06 per share)	**-**	1,500,000
xii. Exercise of options and warrants	**230,000**	22,892,317
xiii. Sept 25, 2018 (CAD$0.025 per share)	**14,252,400**	-
xiv. Nov 16, 2018 (CAD$0.025 per share)	**40,738,520**	-
xv. Mar 20, 2019 (CAD$0.04 per share)	**7,643,950**	-
At the end of the reporting period	**305,166,284**	242,301,414

Note 15: Contributed equity and reserves (cont'd)
a) Ordinary Shares (cont'd)

Details of shares issued above are outlined below:

i. On July 13, 2017, pursuant to a Purchase Agreement, 1,000,000 shares at CAD$0.07 per share were issued in connection with the acquisition of the Stonewall Project in Nevada, USA.
ii. On July 27, 2017, 34,907,782 units at CAD$0.05 per unit were issued in connection with Tranche 1 of Private Placement announced on July 7, 2017. One unit comprised of one share and one warrant exercisable at CAD$0.06 per share, exercisable until February 16, 2018 (Note 18).
iii. On August 21, 2017, 1,705,690 units at CAD$0.05 per unit were issued in connection with Tranche 2 of Private Placement announced on July 7, 2017. One unit comprised of one share and one warrant exercisable at CAD$0.06 per share, exercisable until February 16, 2018 (Note 18).
iv. On August 21, 2017, 830,110 shares at CAD$0.06 per share were issued in connection with Tranche 2 of Private Placement announced on July 7, 2017.
v. On August 24, 2017, 40,686 unit at CAD$0.05 per share were issued in connection with Tranche 3 of Private Placement announced on July 7, 2017. One unit comprised of one share and one warrant exercisable at CAD$0.06 per share, exercisable until February 16, 2018 (Note 18).
vi. On September 12, 2017, 4,491,139 shares at CAD$0.05 per share were issued in connection with Tranche 4 of Private Placement announced on July 7, 2017. One unit comprised of one share and one warrant exercisable at CAD$0.06 per share, exercisable until February 16, 2018.
vii. On November 28, 2017, pursuant to the Company's Share Compensation Plan, 2,352,942 Bonus Shares were issued to Cameron McCall and Joe Phillips at a value of CAD$0.085 per share, being the closing share price per share on the trading day immediately preceding the day on which they were issued (Note 21).
viii. On December 13, 2017, 31,712,730 shares at CAD$0.06 per unit were issued in connection with the Rights Offering announced on October 23, 2017. One unit comprised of one share and one warrant exercisable at CAD$0.20 for 12 months or as accelerated by the Company (Note 18).
ix. On February 1, 2018, pursuant to an Option Agreement, 803,944 shares at CAD$0.0621 per share were issued in connection with the acquisition of tenement E45/4685, being $50,000 in shares at a 20-day VWAP on exercise of the option.
x. On February 13, 2018, pursuant to an Option Agreement, 263,101 shares were issued at CAD$0.0561 per share in connection with the acquisition of tenement E45/4764, being $15,000 in shares at a 5-day VWAP on exercise of the option.
xi. On February 20, 2018 pursuant to the Company's Share Compensation Plan, 1,500,000 Bonus Shares were issued to Earl Evans at a deemed price of C$0.06 per share, being the closing share price per Common Share on the TSX-V on the trading day immediately preceding the day on which they were issued (Note 21).
xii. Refer to Note 18(i)(a) and (c).
xiii. On September 25, 2018, 14,252,400 shares at CAD$0.025 per share were issued in connection with Tranche 1 of the Private Placement announced on August 16, 2018. One unit comprised of one share and one warrant exercisable at CAD$0.10 per share, exercisable until September 24, 2019.
xiv. On November 16, 2018, 40,738,520 shares at CAD$0.025 per share were issued in connection with Tranche 2 of the Private Placement announced on August 16, 2018. One unit comprised of one share and one warrant exercisable at CAD$0.10 per share, exercisable until November 15, 2019.
xv. On March 20, 2019, 7,643,950 shares at CAD$0.04 per share were issued in connection with a Private Placement announced on February 22, 2019. One unit comprised of one share.

Note 15: Contributed equity and reserves (cont'd)

b) Reserves

	Share Based Payments Reserve $	Total $
As at 1 April, 2017	4,013,363	4,013,363
Cost of share-based payments (Note 18)	112,063	112,063
As at 31 March, 2018	4,125,426	4,125,426
Cost of share-based payments (Note 18)	**413,725**	**413,725**
As at 31 March, 2019	**4,539,151**	**4,539,151**

Foreign Currency Translation Reserve

The functional currency is Australian dollars.

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.

Note 16: Warrant liability

During the year ended March 31, 2019, equity offerings were completed whereby 55,270,920 warrants were issued with exercise prices denominated in Canadian dollars (March 31, 2018 – 72,858,027). 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 Other Comprehensive Income. The warrant derivative liability is classified as level 2 in the fair value hierarchy. As of March 31, 2019, the Company had 86,983,650 (2018 – 31,712,730) warrants outstanding, which are classified and accounted for as a financial liability. The Company recognised a loss of $2,433,415 from changes in the fair value of the warrant liability. The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of the Canadian dollar denominated warrants, with the following assumptions:

	Year ended March 31, 2019	Year ended March 31, 2018
	Weighted average	*Weighted average*
Share price	**CAD $0.09**	CAD $0.05
Exercise price	**CAD $0.14**	CAD $0.20
Risk-free interest rate	**1.56%**	1.76%
Expected life of warrants	**0.59 year**	0.7 year
Annualized volatility	**139.01%**	127.49%
Dividend rate	**0%**	0%

(Expressed in Australian Dollars)

Note 17: Share Compensation Plans and Share Based Payments (refer Notes 18 and 19)

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 (see Note 16). For further detail on the accounting treatment of share options refer to Note 2 accounting policies.

Note 18: (i): Macarthur Minerals Limited - Options, RSUs and Warrants

a) Options

Share option transactions issued under the Plans, the number of share options outstanding and their related weighted average exercise prices are summarised below:

	2019		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	**13,620,000**	**$0.05 (CAD$0.06)**	8,300,000	$0.06 (CAD$0.06)
Exercised	**(230,000)**	**$0.05 (CAD$0.05)**	-	-
Expired	**(10,381,746)**	**$0.06 (CAD$0.06)**	(500,000)	$0.10 (CAD$0.10)
Outstanding, end of year	**30,715,263**	**$0.06 (CAD$0.06)**	27,707,009	$0.06 (CAD$0.06)
Options exercisable, end of year	**30,715,263**	**$0.06 (CAD$0.06)**	27,707,009	$0.06 (CAD$0.06)

Share options under the Company's Plans outstanding at March 31, 2019 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
1,100,000	CAD$ 0.050	13 Apr 2019
2,600,000	CAD$ 0.0525	10 Jul 2019
9,095,263	CAD$ 0.060	21 Sep 2019
1,000,000	CAD$0.10	08 Feb 2020
4,300,000	CAD$0.055	19 Feb 2021
2,620,000	CAD$0.050	03 Dec 2021
10,000,000	CAD$0.050	24 Feb 2022

Note 18: (i): Macarthur Minerals Limited - Options, RSUs and Warrants (cont'd)
(a) Options (cont'd)

During the year the Company's share price has ranged from CAD$0.02 to CAD$0.15. The weighted average remaining contractual life for the share options as at March 31, 2019 is 1.63 years. The weighted average value of options issued in the year is $0.015 (2018: $0.01). The total share-based compensation expense related to options which granted or vested during the year ended March 31, 2019 was $99,657 (2018: $104,587).

Refer to Note 24 *Subsequent Events* on Options expired since the statement of financial position date.

During the year ended 31 March, 2019

(i) On December 4, 2018 pursuant to the Plans, the Company granted an aggregate of 2,620,000 stock options of which 1,720,000 were granted to directors of the Company, with an exercise price of C$0.05 per option. The options vest immediately and expire three years from the date of grant.

(ii) On February 8, 2019 the Company granted 1,000,000 options to a consultant with an exercise price of C$0.10 per option. The options vest quarterly over a period of one year and expire 12 months from the date of grant.

(iii) On February 25, 2019 pursuant to the Plans, the Company granted an aggregate of 10,000,000 stock options of which 9,000,000 were granted to directors of the Company, and the remaining options granted to employees and consultants. The Options have an exercise price of $0.05, vest immediately and expire three years from the date of grant.

During the year ended 31 March, 2018

(i) On January 24, 2018 pursuant to the Plans, the Company granted 2,000,000 options to a consultant with an exercise price of C$0.065 per option. The options vest immediately and expire three years from the date of grant.

(ii) On February 20, 2018 pursuant to the Plans, the Company granted an aggregate of 4,300,000 stock options of which 4,000,000 were granted to directors of the Company, and the remaining options granted to employees and consultants. The Options have an exercise price of $0.055, vest immediately and expire three years from the date of grant.

(iii) On February 26, 2018 the Company granted 2,000,000 options to a consultant with an exercise price of C$0.065 per option. The options vest immediately and expire three years from the date of grant.

b) Restricted Share Units

During the year ended 31 March, 2019

(i) On December 4, 2018, 1,000,000 restricted share units ("RSUs"), were granted each to Cameron McCall, Executive Chairman, Joe Phillips, CEO, David Lenigas, Non-Executive Director, and Alan Phillips, Non-Executive Director, as part of the executive consulting contracts entered into with the Company. A further 4,500,000 RSU's were granted to employees and consultants. The RSU's vest if the closing share price of the Company's shares on the TSX Venture Exchange is greater than C$0.08 for 20 consecutive trading days. The RSU's expire on December 3, 2021.

(ii) On February 25, 2019, 700,000 restricted share units ("RSUs"), were granted each to Cameron McCall, Executive Chairman, Joe Phillips, CEO, David Lenigas, Non-Executive Director, Earl Evans, Non-Executive Director, and Alan Phillips, Non-Executive Director, as part of the executive consulting contracts entered into with the Company. The RSU's vest if the closing share price of the Company's shares on the TSX Venture Exchange is greater than C$0.08 for 20 consecutive trading days. The RSU's expire on February 24, 2022.

(Expressed in Australian Dollars)

Note 18: (i): Macarthur Minerals Limited - Options, RSUs and Warrants (cont'd)
(b) RSU's (cont'd)

During the year ended 31 March, 2018

(i) On November 28, 2017 2,352,941 restricted share units ("RSUs") (for the value of C$200,000), were granted each to Cameron McCall, Executive Chairman and Joe Phillips, CEO, as part of the executive consulting contracts entered into with the Company. The RSU's vest if the closing share price of the Company's shares on the TSX Venture Exchange is greater than C$0.20 for 20 consecutive trading days. The RSU's expire on 27 November 2020.

(ii) On February 20, 2018 the Company granted an aggregate of 800,000 RSUs, of which 500,000 were granted to directors of the Company, and the remaining RSUs granted to employees and consultants. The RSUs vest if the closing share price of the Company's shares on the TSX Venture Exchange is greater than C$0.20 for 20 consecutive trading days. The RSUs expire on 19 February 2021.

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

	2019		2018	
	Number of RSUs	**Weighted Average Vesting Price**	Number of RSUs	Weighted Average Vesting Price
Outstanding, beginning of year	**5,505,882**	**$0.20 (CAD$0.20)**	-	-
Granted	**12,000,000**	**$0.08 (CAD$0.08)**	5,505,882	$0.20 (CAD$0.20)
Expired	**(1,000,000)**	**$0.08 (CAD$0.08)**	-	-
Outstanding, end of year	**16,505,882**	**$0.12 (CAD$0.13)**	5,505,882	$0.20 (CAD$0.20)

RSUs outstanding at March 31, 2019 are all exercisable and have the following vesting prices and expiry dates:

Number of RSUs	Vesting Price	Expiry Date
4,705,882	CAD$0.20	Nov 27, 2020
800,000	CAD$0.20	Feb 19, 2021
7,500,000	CAD$0.08	Dec 3, 2021
3,500,000	CAD$0.08	Feb 24, 2022

During the year ended March 31, 2019 a total of $314,068 (2018: $7,476) was recognised to profit and loss as share-based compensation from RSUs.

The weighted average remaining contractual life for the RSUs as at March 31, 2019 is 2.40 years. The weighted average value of RSUs issued in the year is $0.026 (2018: $0.0014).

The following assumptions were used for the trinomial model valuation of RSUs granted during the year:

	Year ended March 31, 2019	Year ended March 31, 2018
	Weighted average	*Weighted average*
Share price	**CAD $0.03**	CAD $0.072
Exercise price	**CAD $0.08**	CAD $0.20
Risk-free interest rate	**2.01%**	1.46%
Expected life of RSU's	**2.75 year**	2.7 year
Annualized volatility	**159.08%**	35.21%
Dividend rate	**0%**	0%

(Expressed in Australian Dollars)

Note 18: (i): Macarthur Minerals Limited - Options, RSUs and Warrants (cont'd)

c) Warrants

During the year ended March 31, 2019

(i) 14,252,400 warrants were issued on September 25, 2018 in connection with Tranche 1 of the Private Placement announced on August 16, 2018 at an exercise price of CAD$0.10 per Warrant. Each whole Warrant entitles the holder to acquire one Common Share for C$0.10 for a term of 12 months from the date of issue of the Unit, unless accelerated by the Company.

(ii) 41,018,520 warrants were issued on November 16, 2018 in connection with Tranche 2 of the Private Placement announced on August 16, 2018 at an exercise price of CAD$0.10 per Warrant. Each whole Warrant entitles the holder to acquire one Common Share for C$0.10 for a term of 12 months from the date of issue of the Unit, unless accelerated by the Company.

During the year ended March 31, 2018

(i) 41,145,297 warrants were issued during July to September 2017 in connection with the 2017 Private Placement at an exercise price of CAD$0.06 per Warrant. All unexercised warrants expired on March 28, 2018.

(ii) 31,712,730 warrants were issued on December 15, 2017 in connection with the 2017 Rights Offering at an exercise price of CAD$0.20 per Warrant. Each whole Warrant entitles the holder to acquire one Common Share for C$0.20 for a term of 12 months from the date of issue of the Unit, unless accelerated by the Company.

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

	2019		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	**55,270,920**	**$0.10 (CAD$0.10)**	72,858,027	$0.12 (CAD$0.12)
Exercised	**-**	**-**	(22,892,317)	$0.06 (CAD$0.06)
Forfeited	**-**	**-**	-	-
Expired	**-**	**-**	(25,752,980)	$0.06 (CAD$0.06)
Outstanding, end of year	**86,983,650**	**$0.14 (CAD$0.14)**	31,712,730	$0.20 (CAD$0.20)

Warrants outstanding at March 31, 2019 have the following exercise prices and expiry dates:

Number of warrants	Exercise Price	Expiry Date
31,712,730	CAD$0.20	15 Dec 2019[1]
14,252,400	CAD$0.10	24 Sept 2019
41,018,520	CAD$0.10	15 Nov 2019

[1] The TSX-V consented to an extension on the expiry date for these warrants to expire on 15 December 2019 (previously expiring on 15 December 2018).

The weighted average remaining contractual life for the warrants as at March 31, 2019 is 0.59 years. The weighted average value of warrants issued in the year is $0.10 (2018: $0.12).

280,000 warrants with an expiry date of 15 November 2019 were exercised since March 31, 2019.

(Expressed in Australian Dollars)

Note 19: Share Based Payments

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 and a corresponding amount is recorded to reserves. Refer to Note 18 (i)(a) for details of options granted during the year.

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

	Year ended March 31, 2019	Year ended March 31, 2018
	Weighted average	*Weighted average*
Share price	**CAD$0.048**	CAD$0.055
Exercise price	**CAD $0.05**	CAD $0.06
Risk-free interest rate	**1.83%**	1.77%
Expected life of options	**2.85 years**	3.0 years
Annualized volatility	**198.13%**	114.31%
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.

Note 20: Related Party Transactions

a) Interests in subsidiaries

The consolidated financial statements include the financial statements of Macarthur Minerals Limited and the subsidiaries listed in the following table:

Name	**Country of Incorporation**	**% Equity Interest 2019**	**2018**
Esperance Iron Ore Export Company Pty Ltd	Australia	100	100
Macarthur Iron Ore Pty Ltd	Australia	100	100
Macarthur Lithium Pty Ltd	Australia	100	100
Macarthur Minerals NT Pty Ltd	Australia	100	100
Macarthur Tulshyan Pty Ltd	Australia	100	100
Macarthur Marble Bar Lithium Pty Ltd	Australia	100	100
Macarthur Australia Limited	Australia	100	100
Macarthur Lithium Nevada Limited	U.S.A	100	100

The Company'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. There are no significant restrictions on the Company's ability to access or use assets, and settle liabilities, of the Group.

Balances and transactions between the Company and its wholly owned subsidiaries have been eliminated upon consolidation. Macarthur Minerals Limited is the ultimate parent entity for all entities.

b) Other related party transactions

Other related parties are key management personnel – refer Note 21.

(Expressed in Australian Dollars)

Note 21: Key Management Personnel

The following persons were key management personnel of the Company:

Non-Executive Directors
Alan Phillips, Non-Executive Director
David Lenigas, Non-Executive Director (see Note 24 Subsequent Events)
Earl Evans, Non-Executive Director

Executive Directors
Cameron McCall, Executive Chairman
Joe Phillips, CEO and Director
David Taplin, President, CEO and Director (resigned February 5, 2018)

Details of Remuneration

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

2019	**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/RSUs	Total
	$	$	$	$	$	$	$	$
C McCall	120,000	-	-	-	-	-	86,101	206,101
J Phillips	120,000	-	-	-	-	-	75,833	195,833
Non-Executive Directors:								
A Phillips	80,000	-	-	-	-	-	86,419	166,419
D Lenigas[2]	60,000	-	-	-	-	-	86,419	146,419
E Evans [1]	8,877	-	-	-	-	-	69,341	78,218
Total	**388,877**	**-**	**-**	**-**	**-**	**-**	**404,113**	**792,990**

[1] E Evans was appointed on February 5, 2018. His letter of engagement stipulates that he will forego the first year of Director's Fees in lieu of bonus shares issued in February 2018. The amount shown for the year ended March 31, 2019 include Director Fees from February 5 to March 31, 2019.
[2] D Lenigas resigned May 21, 2019.

Remuneration accrued and payable to key management personnel as at March 31, 2019 was $54,209.

(Expressed in Australian Dollars)

Note 21: Key Management Personnel (cont'd)

Total remuneration of each key management personnel of the Company for the year ended March 31, 2018 is set out below.

2018	**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/RSUs	Total
	$	$	$	$	$	$	$	$
C McCall [1]	100,000	-	-	102,660	-	-	1,499	204,159
J Phillips [2]	60,000	-	-	102,660	-	-	26,535	189,195
D Taplin [3]	277,273	-	-	-	-	-	-	277,273
Non-Executive Directors:								
A Phillips	80,000	-	-	-	-	-	25,085	105,085
D Lenigas	60,000	-	-	-	-	-	1,430	61,430
E Evans [4]	-	-	-	90,648	-	-	1,430	92,078
Total	**577,273**	**-**	**-**	**295,968**	**-**	**-**	**55,979**	**929,220**

[1] As of October 17, 2017, C McCall became Executive Chairman. As part of his appointment as Executive Chairman, Mr McCall was issued 1,176,471 Bonus Shares, pursuant to the Share Compensation Plan, which makes up his Non-monetary benefits.
[2] J Phillips was appointed Executive Director October 11, 2017. As part of his appointment, Mr Phillips was issued 1,176,471 Bonus Shares, pursuant to the Share Compensation Plan, which makes up his Non-monetary benefits.
[3] D Taplin resigned on February 5, 2018.
[4] E Evans was appointed on February 5, 2018. In lieu of fees, E Evans was issued 1,500,000 Bonus Shares, pursuant to the Share Compensation Plan, which makes up Evans' Non-monetary benefits.

Remuneration accrued and payable to key management personnel as at March 31, 2018 was $36,326.

Equity instrument disclosures relating to key management personnel

a) Ordinary Shares

The number of shares in the Company held during the financial year by each key management personnel or close members of their family, or an entity over which any of these persons control, jointly control or have significant influence over, for the purposes of relevant Australian and International accounting standards, are set out below.

Name	**Number at 1/4/18**	**Number Acquired**	**Number Disposed**	**Number at 31/3/19**
C McCall	3,509,804	-	-	3,509,804
J Phillips	3,138,775	9,439,600	-	12,578,375
A Phillips	-	-	-	-
D Lenigas	-	-	-	-
E Evans	1,500,000	-	-	1,500,000
	8,148,579	9,439,600	-	17,588,179

(Expressed in Australian Dollars)

Note 21: Key Management Personnel (cont'd)

b) Options

The number of options in the Company held during the financial year by each key management personnel or close members of their family, or an entity over which any of these persons control, jointly control or have significant influence over, for the purposes of relevant Australian accounting standards and IFRS, are set out below.

Name	Number at 1/4/18	Number Granted	Number Expired	Number at 31/3/19
C McCall	4,000,000	2,720,000	1,000,000	5,720,000
J Phillips	5,131,083	4,000,000	-	9,131,083
A Phillips	-	-	-	-
D Lenigas	4,000,000	2,000,000	-	6,000,000
E Evans	-	2,000,000	-	2,000,000
	13,131,083	10,720,000	1,000,000	22,851,083

c) RSUs

The number of RSUs in the Company held during the financial year by each key management personnel or close members of their family, or an entity over which any of these persons control, jointly control or have significant influence over, for the purposes of relevant Australian accounting standards and IFRS, are set out below.

Name	Number at 1/4/18	Number Granted	Other movements	Number at 31/3/19
C McCall	2,352,941	1,700,000	-	4,052,941
J Phillips	2,352,941	3,400,000	-	5,752,941
A Phillips	-	-	-	-
D Lenigas	250,000	1,700,000	-	1,950,000
E Evans	250,000	700,000	-	950,000
	5,205,882	7,500,000	-	12,705,882

d) Warrants

The number of Warrants in the Company held during the financial year by each key management personnel or close members of their family, or an entity over which any of these persons control, jointly control or have significant influence over, for the purposes of relevant Australian accounting standards and IFRS, are set out below.

Name	Number at 1/4/18	Number Acquired	Other movements	Number at 31/3/19
C McCall	333,333	-	-	333,333
J Phillips	277,043	9,439,600	-	9,716,643
A Phillips	-	-	-	-
D Lenigas	-	-	-	-
E Evans	-	-	-	-
	610,376	9,439,600	-	10,049,976

(Expressed in Australian Dollars)

Note 21: Key Management Personnel (cont'd)

Other disclosures relating to key management personnel

During the prior year the Group entered into an earn-in arrangement with Artemis Resources Limited ("Artemis"), an entity of which Mr D Lenigas was the Executive Chairman. Total payments in the prior year by Artemis to enter into the arrangement was $230,000. The arrangement provided for an earn-in interest of 65% if Artemis expends $1 million over 3 years and an additional 15% by way of $1 million payment to the Group. This arrangement was terminated on 19 December 2018.

Note 22: Commitments

	2019	2018
	$	$
a) **Operating Lease commitments**		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities:		
Within one year	**80,979**	18,750
Later than one year but not later than five years	**134,318**	-
Total Non-cancellable operating lease	**215,297**	18,750

The Company entered into an office lease for its new Brisbane Office for 3 years commencing November 1, 2018.

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 12.

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

Note 23: Contingent Liabilities

a) Security Bonds

The Company has a contingent liability of $55,750 for bank guarantees issued for office leasing arrangements in Brisbane and corporate credit cards.

b) Supreme Court Proceedings

LPD v. Macarthur and Ors. ("New Proceedings")

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. 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.

Note 23: Contingent Liabilities (cont'd)
b) Supreme Court Proceedings (cont'd)

Chan, Chan and Kwok ("FSDC Directors") v. Macarthur Minerals Limited and Ors.

As previously reported, the FSDC Directors were ordered to pay costs of $31,101 in relation to the FSDC Directors' Claim.

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

The Company and two of its officers applied to the Supreme Court of Queensland to strike out the Second FSDC Directors' Claim on December 3, 2018. The strike out application was set down for hearing on March 13, 2019. Judgement was adjourned to allow the plaintiffs to deliver a third further amended statement of claim by March 27, 2019.

On March 29, 2019, the FSDC Directors filed a Third further Amended Statement of Claim ("Third FSDC Directors' Claim"), based on Flanagan J's judgement of March 13, 2019. The strike out application to the Third FSDC Directors' claim was submitted by the Company and two of its officers on April 23, 2019.

On June 7, 2019, the Proceedings was dismissed in its entirety and an order for costs be awarded to the Company, with an opportunity for the Company to make submissions seeking that costs be awarded on the indemnity basis, rather than on the standard basis, and also the opportunity for the plaintiffs to lodge an appeal by July 5, 2019.

The submission on costs of and incidental to the proceedings on the indemnity basis was filed by the Company on June 21, 2019.

On July 5, 2019, the FSDC Directors filed a notice of appeal to the Supreme Court of Queensland where the review will be held by the court on August 28, 2019.

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.

Note 24: Subsequent Events

a) Private Placements

On March 19, 2019, the Company announced a non-brokered private placement (the "Offering") of up to US$6 million of secured Convertible Note ("Note"). Each Note has a face value of US$10,000 convertible at the greater of 80% of the average VWAP over 5 trading days immediately preceding the date of a notice of conversion and C$0.10 with attaching warrant offered for one fourth of the commitment amount at an exercise price at the greater of C$0.10 and the average VWAP in respect of Shares during the five Trading Days immediately preceding the Advance Date. Notes and Warrants are subject to a restricted (or "hold") period of 4 months and one day following the distribution date with an expiry date of 36 months from advance date.

On July 10, 2019, the Company closed the Offering for gross proceeds of US$6,000,000 on conditional acceptance.

b) Equity movements

Since the year end and up to the date of signing this report the Company has issued 15,867,341 ordinary shares raising $283,317.70. 11,000,000 ordinary shares were issued on vesting of RSUs.

Included in the share issues above are the exercise of 280,000 warrants, 4,500,000 options and 11,000,000 restricted share units. A total of 250,000 RSU's expired.

Note 24: Subsequent Events (cont'd)

c) Off-take Agreement with Glencore International A.G

A binding Life-of-Mine Off-Take Agreement ("Agreement") with Glencore International A.G. ("Glencore") was entered into on March 13, 2019 for sale of iron ore to be produced from the Lake Giles Iron Project ("Project") at Lake Giles in the Yilgarn region of Western Australia from the commencement of commercial production.

Glencore secures life-of-mine of the project with commercial terms for approximately 4 million tonnes per annum average for the first 10 years, with the option to extend for a following 10 years for all tonnes of future Lake Giles iron ore production. The Agreement is secured to ensure the Company's long-term revenue and consistent sales per year.

d) Option Agreement with Fe Limited

Macarthur Lithium Pty Ltd ("MLi"), a wholly owned subsidiary of Macarthur entered into an exclusive option agreement ("Option Agreement") with Fe Limited (**ASX: FEL**) ("FEL") on May 14, 2019, for FEL to acquire an interest of up to 75% in the lithium and gold tenements in Pilbara region of Western Australia with a 45-day option for FEL to conduct due diligence and secure the required funding to proceed with exercising the option. The Project includes 18 tenements highly prospective for gold, copper and lithium in proximity to numerous known hard rock lithium and gold deposits in the central and eastern Pilbara.

On July 2, 2019, FEL elected to exercise its option to earn-in up to 75% interest in the Company's gold, copper and lithium tenements in the Pilbara Region of Western Australia.

e) Board Changes

On May 21, 2019, David Lenigas resigned as an Independent Director and Andrew Suckling was appointed as a Non-Executive Director in his replacement.

The Board is now comprised of Mr Cameron McCall as Executive Chairman, Mr Joe Phillips as CEO and Director, Mr Andrew Suckling as Independent Director, Mr Earl Evans as Independent Director and Mr Alan Phillips as Non-Executive Director.

f) Technical Report for Lake Giles Iron Ore Project

The results of the Preliminary Economic Assessment ("PEA") undertaken by independent consultants Engenium Pty Ltd ("Engenium") for its 100% owned Lake Giles Iron Ore Project ("the Project") in Western Australia was issued and filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") on June 17, 2019.

The PEA was completed for a 2.5 to 3.4 Mtpa operation incorporating the Moonshine Magnetite and Ularring Hematite Mineral Resources to produce a high-grade blended concentrate in excess of 65% Fe. The technical and financial evaluation in the PEA indicates the Project is potentially economically viable and further project development is justified.

The independent technical report, entitled "NI43-101 Technical Report, Macarthur Minerals Limited, Preliminary Economic Assessment Lake Giles Iron Project, Western Australia, (the "2019 Technical Report") with an issue date of June 13, 2019, was prepared in accordance with the requirements of National Instrument 43-101 ("NI 43-101").

Macarthur Minerals Limited
Directors' declaration

In accordance with a resolution of the directors of the Company, I declare that:

1. the financial statements and notes, as set out on pages 3 to 41 are in accordance with the *Corporations Act 2001 (Cth)* and:

   (i) comply with Australian Accounting Standards, which, as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (ii) give a true and fair view of the financial position as at March 31, 2019 and of the performance for the year ended on that date of the consolidated group; and

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

Cameron McCall
Executive Chairman

Dated: July 29, 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Macarthur Minerals Limited

Opinion

We have audited the accompanying consolidated financial statements of Macarthur Minerals Limited (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and the consolidated statements of profit and loss and other comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2b in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Macarthur Minerals Limited's ability to continue as a going concern.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Grant P. Block.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

July 29, 2019