MACARTHUR MINERALS LIMITED

Australian Company Number 103 011 436

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

All amounts are in Australian dollars unless otherwise stated

Consolidated Financial Statements – March 31, 2021

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Financial report **Page**

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 June 29, 2021. The directors have the power to amend and reissue the financial statements.

MACARTHUR MINERALS LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME(LOSS)
FOR THE YEAR ENDED MARCH 31, 2021
(Expressed in Australian Dollars)

	Notes	2021 $	2020 $
EXPENSES			
Depreciation – Plant & Equipment	5(a)	**(13,813)**	(18,310)
Depreciation – Right of Use asset	5(a)	**(71,921)**	(72,702)
Exploration expenditure		**(155,330)**	(16,272)
Investor relations		**(163,236)**	(69,910)
Office and general expenses		**(339,039)**	(374,376)
Personnel costs		**(1,759,178)**	(1,566,061)
Professional fees	5(c)	**(771,299)**	(941,702)
Share-based compensation	5(b)	**(3,126,272)**	(1,046,663)
Share Registry, filing and listing fees		**(441,152)**	(386,960)
Travel and accommodation		**(23,268)**	(140,896)
Borrowing costs	5(e)	**(405,022)**	(679,948)
Total Administrative Expenses		**(7,269,530)**	(5,313,800)
OTHER REVENUE/(EXPENSES)			
Interest income		**468**	1,086
Other income	5(d)	**110,080**	100,000
Net gain/(loss) on foreign exchange		**936,752**	(644,736)
Change in fair value of warrant liability	16	**(9,683,407)**	1,680,335
		(8,636,107)	1,136,685
Loss before income tax		**(15,905,637)**	(4,177,115)
Income tax expense	6	**-**	-
Net Profit/(Loss) for the year		**(15,905,637)**	(4,177,115)
Other Comprehensive Income(loss) Items that will not be reclassified subsequently to profit or loss:			
Fair value gain/(loss) on Investment in FEL	12(b)	**853,333**	(133,333)
Total Comprehensive loss for the year		**(15,052,304)**	(4,310,448)
Basic loss per ordinary share		**(0.13)**	(0.05)
Basic and diluted weighted average number of ordinary shares outstanding (Note 7)		**121,960,893**	87,083,411

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

MACARTHUR MINERALS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in Australian Dollars)
AS AT MARCH 31, 2021

	Notes	2021 $	2020 $
ASSETS			
Current			
Cash and cash equivalents	8	**5,018,170**	4,518,165
Other receivables	9	**98,155**	90,898
Security deposits and prepayments	10	**176,015**	449,383
Total current assets		**5,292,340**	5,058,446
Non-Current			
Plant and equipment	11	**49,916**	63,729
Right of use asset	22	**257,718**	329,639
Investment in FE Ltd.	12(b)	**1,120,000**	266,667
Exploration and evaluation assets	12(a)	**67,513,545**	66,218,216
Total non-current assets		**68,941,179**	66,878,251
Total assets		**74,233,519**	71,936,697
LIABILITIES			
Current			
Trade and other payables	13	**637,006**	905,660
Provisions	14	**64,519**	58,756
Lease liability	22	**69,936**	63,488
Warrant liability	16 & 2(b)	**10,582,972**	899,565
Convertible Notes	23	**-**	8,134,049
Total current liabilities		**11,354,433**	10,061,518
Non-Current			
Provisions	14	**32,920**	27,518
Lease liability	22	**213,476**	283,412
Total non-current liabilities		**246,396**	310,930
Total liabilities		**11,600,829**	10,372,448
Net assets		**62,632,690**	61,564,249
SHAREHOLDERS' EQUITY			
Contributed equity	15(a)	**119,342,705**	104,794,986
Reserves	15(b)	**7,049,070**	4,648,952
Accumulated losses		**(63,759,085)**	(47,879,689)
Total shareholders' equity		**62,632,690**	61,564,249

Nature and continuance of operations (Note 1)
Commitments (Notes 12 and 24)
Working Capital Position (Note 2b)

Subsequent events (Note 26)
Contingent liabilities (Note 25)

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

MACARTHUR MINERALS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2021 (Expressed in Australian Dollars)

	Number of Shares	Contributed Equity $	Accumulated losses $	Reserves $	Total $
Balance at 1 April 2019	**305,166,284**	**99,671,850**	**(43,784,169)**	**4,539,152**	**60,426,833**
Share consolidation	(228,874,713)	-	-	-	-
Net profit(loss) for the year	-	-	(4,177,115)	-	(4,177,115)
Other comprehensive loss for the year	-	-	-	(133,333)	(133,333)
Transfer from reserves	-	-	81,595	(81,595)	-
Share-based payment transactions	-	-	-	324,728	324,728
ASX IPO	20,032,952	5,008,238	-	-	5,008,238
Vested RSU's	2,750,000	297,112	-	-	297,112
Fees in consideration for shares	21,838	8,384	-	-	8,384
Exercise of options and warrants	1,490,000	351,342	-	-	351,342
Bonus Shares	1,800,000	450,000	-	-	450,000
Share issuance costs	-	(991,940)	-	-	(991,940)
Balance at 31 March 2020	102,386,361	104,794,986	(47,879,689)	4,648,952	61,564,249
Balance at 1 April 2020	**102,386,361**	**104,794,986**	**(47,879,689)**	**4,648,952**	**61,564,249**
Net profit(loss) for the year	-	-	(15,905,637)	-	(15,905,637)
Other comprehensive loss for the year [1]	-	-	-	853,333	853,333
Transfer from reserves	-	-	26,241	(26,241)	-
Share-based payment transactions [3]	-	-	-	1,922,219	1,922,219
Private Placement[4] [5]	11,362,618	6,062,683	-	186,757	6,249,440
Vested RSU's[6]	2,937,500	535,950	-	(535,950)	-
Shares in consideration for fees [8]	837,997	323,740	-	-	323,740
Shares in consideration for assets [9]	1,702,997	250,000	-	-	250,000
Exercise of options and warrants [2]	1,525,000	353,963	-	-	353,963
Bonus Shares[5]	3,612,726	1,204,053	-	-	1,204,053
Issue Shares upon Convertible Notes Conversion [7]	15,248,936	6,856,723	-	-	6,856,723
Share issuance costs	-	(1,039,393)	-	-	(1,039,393)
Balance at 31 March 2021	**139,614,135**	**119,342,705**	**(63,759,085)**	**7,049,070**	**62,632,690**

[1] Refer to Note 15(b) - Reserves [2] Refer to Note 15(a)(vii) - Contributed Equity [3] Refer to Note 15 (b) [4] Refer to Note 15(a)(ii)&(iii)-Contrib'd Equity
[5] Refer to Note 15(b) - Reserves [6] Refer to Note 18(b) – RSU's [7] Refer to Note 15(a)(vi) [8] Refer to Note 15(a)(v)
[9] Refer to Note 15(a)(vii)
The accompanying notes are an integral part of these consolidated financial statements.

MACARTHUR MINERALS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in Australian Dollars)
FOR THE YEAR ENDED MARCH 31, 2021

	Notes	2021 $	2020 $
OPERATING ACTIVITIES			
Payments to suppliers and employees		**(4,154,519)**	(2,739,272)
Receipts from customers		**325,470**	
Interest received		**468**	1,086
Other Income		**-**	100,000
Interest Paid		**(405,022)**	(988,390)
Net cash flows used in operating activities	8	**(4,233,603)**	(3,626,576)
INVESTING ACTIVITIES			
Net purchases of plant and equipment		**-**	(66,372)
Exploration and evaluation additions		**(1,045,329)**	(3,624,572)
Net cash flows used in investing activities		**(1,045,329)**	(3,690,944)
FINANCING ACTIVITIES			
Proceeds from Private Placement		**6,249,440**	5,359,580
Proceeds from exercised options		**353,963**	-
Share issuance costs		**(760,978)**	(967,355)
Proceeds from issue of Convertible Notes		**-**	7,184,449
Principal repayment of lease liability		**(63,488)**	(59,017)
Net cash flows provided by financing activities		**5,778,937**	11,517,657
Change in cash and cash equivalents during the year		**500,005**	4,200,137
Cash and cash equivalents, beginning of the year		**4,518,165**	318,028
Cash and cash equivalents, end of year	8	**5,018,170**	4,518,165

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), on the Australian Securities Exchange ("ASX") (symbol: MIO) and on OTCQB Venture Market ("OTCQB") (symbol: MMSDF). Macarthur Minerals has three iron ore projects in the Yilgarn region of Western Australia. The Company has also established multiple project areas in the Pilbara, Western Australia 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 31 March 2021, the Company has the following subsidiaries (who are collectively referred to as 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 has continued to respond to the challenges of the Covid-19 pandemic by managing its operations and cashflows conservatively. The outlook for key commodities such as iron ore and gold in the current Covid-19 affected market remains strong, and as a consequence has not resulted in any impairment of the Company's key capitalised assets.

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

The financial statements were authorized for issue on 29 June 2021 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 and interpretations of the IFRS Interpretations Committee. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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) Working capital position

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 $5,018,170.

The Group's net working capital at 31 March 2021 was $4,520,879 compared with net working capital of $4,030,542 at 31 March 2020. The Net Working Capital of $4,520,879 (2020: $4,030,542) excludes those amounts attributable to the warrant liability of $10,582,972 (2020: $899,565) and the Convertible Notes liability of $Nil (2020: $8,134,049) on the basis that the Group does not have any obligations to extinguish its liability attributable to the issued warrants via cash payments.

The Company has a $20million equity finance facility with L1 Capital ("Facility"), that remains undrawn at the date of this report. The Facility is an "at call" facility which entitles the Company to issue shares to L1 over 36 months under "Placement Notice(s)" which may be drawn upon and applied at the Group's discretion to meet its operating needs and minimum financial requirements regarding its tenement obligations. Based on these factors, Management is of the opinion that the Company has sufficient working capital to finance operations for the next twelve months.

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

During the year ended 31 March 2021, the Group raised funds from new equity of $6,603,403, which included $6,249,440 raised from its Private Placement completed in October 2020.

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.

d) Mineral exploration and evaluation assets

The Company is currently in the exploration and development stage of its exploration projects and applies the following policies:

(i) Exploration and evaluation properties

Exploration and evaluation expenditures 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.

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

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 are 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).

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 Consolidated Statements of Profit and Loss and Other Comprehensive Income/(Loss) during the financial period in which they are incurred.

Depreciation on 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
Motor Vehicles	20% to 25% Straight-line Method

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

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 profit and loss.

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

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) Cash and cash equivalents

Cash and cash equivalents include 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.

h) 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 the profit and loss, except when they are deferred in equity as qualifying cash flow or net investment hedges.

i) 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.

j) Leases - The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining term of 12 months or less) and leases of low value assets are recognised as operating expenses on a straight-line basis over the term of the lease.
Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease.

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

Lease payments included in the measurement of the lease liability is as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement day and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

k) New and Amended Accounting Policies adopted by the Group

Initial adoption of IFRS16/AASB 2020-04: COVID-19 – Related Rent Concessions

COVID-19 - Related Rent Concessions amends IFRS16/AASB 16 by providing a practical expedient that permits lessees to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and, if certain conditions are met, account for those rent concessions as if they were not lease modifications.

There were no new or amended accounting standards with mandatory effect that impacted the group.

l) Financial Instruments

Initial recognition and measurement

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

Financial instruments (except for trade receivables) 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 to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or

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

- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- It is a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship. The Group has not entered into any financial guarantee contracts or hedging).

Any gains or losses arising on changes in fair value are recognised in profit or loss.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at amortised cost or fair value through other comprehensive income.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3: *Business Combinations* applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

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

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss but is transferred to accumulated losses.

Compound financial instruments

Compound instruments (convertible notes) issued by the Group are classified as either financial liabilities or equity in accordance with the substance of the arrangements. An option that is convertible and that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments will be classified as equity.

The fair value of the liability component is estimated on date of issue. This is done by using the prevailing market interest rate of the same kind of instrument. This amount is recognised using the effective interest method as a liability at amortised cost until conversion or the end of life of the instrument.

Impairment

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;

Loss allowance is not recognised for:

- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

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

The Group uses the following approaches to impairment, as applicable under AASB 9: *Financial Instruments*:

- the general approach

General approach

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

m) Farm-outs in the exploration and evaluation phase

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for as a gain on disposal.

n) 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.

o) 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.

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

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.

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.

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

(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.

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's only sources of revenue are other income items such as interest cost recoveries, farm out arrangements and government subsidies.

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 of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the

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

specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

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.

(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) 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 Trinomial 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.

(iv) Warrant liability (Note 16) and Convertible note derivative (Note 23)

The Group uses the Black-Scholes Option Pricing Model, or other valuation models, for the valuation of Convertible Note Derivatives and Warrant derivatives. Option pricing models require the input of subjective assumptions including expected share price volatility, interest rate, foreign currency and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Group's net loss and equity reserves.

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

v) Going concern

The financial statements have been prepared based on an assumption of going concern.

The Group has recorded a net loss after tax of $15,905,637 for the year ended 31 March 2020 (2020: loss $4,177,115).

The Directors believe the going concern assumption is valid, reaching such a conclusion after having regard to the circumstances which they consider reasonably likely to affect the Group during the period of one year from the date these financials statements are approved.

Specifically, the Group held cash reserves of $5,018,170 as at 31 March 2021 which it considers sufficient to meet its working capital requirements for at least 12 months from the date these financial statements are approved. The Group is investigating avenues to reposition its non-iron ore Pilbara assets in order to focus its energies on fast tracking the development of its key strategic iron-ore assets. Depending on progress, the Group may consider options to fund its growth.

Based on management budgets and plans, the Group will be able to meet financial obligations for at least 12 months from the date of approval of the financial statements.

The Directors believe that there is no material uncertainty in respect of the Group's ability to continue as a going concern for the period assessed above due to the level of its current cash holdings and ability to generate cash inflows from a shared service arrangement with Infinity Mining Limited and the exercise of outstanding options and warrants along with utilisation of a $20m equity finance facility with L1 Capital that remains undrawn at the date of this report.

w) Comparative Figures

Certain comparative figures in profit and loss have been adjusted to conform to changes in presentation for the current financial year, with no impact on net loss or comprehensive loss for the year.

(Expressed in Australian Dollars)

Note 3: Financial Instruments and Financial Risk Management

Financial risk management policies

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, Investment in FE Ltd, trade payables, convertible notes and warrant derivatives which arise directly from its operations. It is and has been throughout the years ended 31 March 2021 and 31 March 2020, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are 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 2021 $	2020 $
Financial assets			
Cash and cash equivalents	8	**5,018,170**	4,518,165
a) Financial assets at amortised cost			
Other receivables	9	**1,837**	356
Security Deposits	10	**156,626**	56,554
		158,463	56,910
b) Financial assets at fair value through other comprehensive income			
Investment in FE Ltd	12(b)	**1,120,000**	266,667
Total financial assets		**6,296,633**	4,841,742
Financial liabilities			
a) Financial liabilities at amortised cost			
Trade and other payables	13	**637,006**	905,660
Convertible notes	23	**-**	8,134,049
		637,006	9,039,709
b) Financial liabilities at fair value through profit and loss			
Warrant liability	16	**10,582,972**	899,565
Total financial liabilities		**11,219,978**	9,939,274

(Expressed in Australian Dollars)

Note 3: Financial Instruments and Financial Risk Management (cont'd)

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 consists of Cash and cash equivalents of $5,018,170 (2020: $4,518,165), Other receivables of $1,837 (2020: $356) and Security Deposits of $156,626 (2020: $56,554).

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

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

	2021 $	2020 $
Australia	**3,919,270**	2,460,800
Canada	**1,257,363**	2,114,276
	5,176,633	4,575,076

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.

(Expressed in Australian Dollars)

Note 3: Financial Instruments and Financial Risk Management (cont'd)

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 31 March 2021

	$ Within 1 year	$ 1 to 5 years	$ Total
Financial assets	**5,176,633**	**-**	**5,176,633**
Financial liabilities	**(637,006)**	**-**	**(637,006)**
Net cashflow	**4,539,627**	**-**	**4,539,627**

As at 31 March 2020

	Within 1 year	1 to 5 years	Total
Financial assets	**4,575,075**	**-**	**4,575,075**
Financial liabilities	**(905,660)**	**(8,134,049)**	**(9,039,709)**
Net cashflow	**3,669,415**	**(8,134,049)**	**(4,464,634)**

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.

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

	2021 $	2020 $
Interest-bearing financial instruments		
Financial assets	**5,174,796**	4,574,719

Financial assets are comprised of:

	2021 $	2020 $
Cash and cash equivalents	**5,018,170**	4,518,165
Security deposits	**156,626**	56,554
	5,174,796	4,574,719

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 2020.

	Profit or loss		Equity	
	100bp increase $	100bp decrease $	100bp increase $	100bp decrease $
31 March 2021				
Interest-bearing financial instruments	**51,748**	**(51,748)**	**51,748**	**(51,748)**
31 March 2020				
Interest-bearing financial instruments	45,747	(45,747)	45,747	(45,747)

(Expressed in Australian Dollars)

Note 3: Financial Instruments and Financial Risk Management (cont'd)

d) Foreign currency risk

The Company's consolidated financial statements can be affected by movements in the CAD$/USD$ exchange rate, due to some administrative expenses and liabilities being incurred in other than in $AUD is being the functional currency of the Company.

Exposure to currency risk

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

	AUD $	CAD $ 2021	USD $	AUD $	CAD $ 2020	USD $
Cash and cash equivalents	**3,760,807**	**84,245**	**1,173,119**	2,403,889	58,826	2,055,450
Receivables	**1,837**	**-**	**-**	356	-	-
Security Deposits	**156,626**	**-**	**-**	56,554	-	-
	3,919,270	**84,245**	**1,173,119**	2,460,799	58,826	2,055,450
Trade and other payables	**576,409**	**58,843**	**1,753**	838,168	67,492	-
Employee Benefits	**97,439**	**-**	**-**	86,274	-	-
Warrant liability	**-**	**10,582,972**	**-**	-	899,565	-
Convertible Note liability	**-**	**-**	**-**	-	-	8,134,049
Lease liability	**283,412**	**-**	**-**	346,900	-	-
	957,260	**10,641,815**	**1,753**	1,271,342	967,057	8,134,049
Net exposure	**2,962,010**	**(10,557,570)**	**1,171,366**	1,189,457	(908,231)	(6,078,599)

Sensitivity analysis

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

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

	2021		2020	
	Profit $	Equity $	Profit $	Equity $
+/-2% in interest rates	**+/-$103,496**	**+/-$103,496**	+/-$90,363	+/-$90,363
+/-5% in $AUD/$CAD	**+/-527,879**	**+/-527,879**	+/-3,246	+/-3,246
+/-5% in $AUD/$US	**+/-$58,568**	**+/-$58,568**	+/-$135,773	+/-$135,773
+/-10% in listed investments	**+/-$112,000**	**+/-$112,000**	+/-$26,667	+/-$26,667

Note 3: Financial Instruments and Financial Risk Management (cont'd)

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 production 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.

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 31 March 2021. The Company is not subject to externally imposed capital requirements.

(Expressed in Australian Dollars)

Note 5: Revenue and expenses

Result for the year includes the following items:

		2021 $	2020 $
a)	***Depreciation***		
	Depreciation - Plant and Equipment	**13,813**	18,310
	Depreciation - Right of Use asset	**71,921**	72,702
		85,734	91,012
b)	***Share-based compensation***		
	Share based payments	**1,922,219**	596,663
	Bonus shares issued to Executives and employees	**1,204,053**	450,000
		3,126,272	1,046,663
c)	***Professional fees:***		
	- Legal costs	**200,601**	575,747
	- External consultants	**570,698**	365,955
		771,299	941,702
d)	***Other income includes:***		
	Other income:		
	- Rates reimbursements	**1,642**	-
	- Accommodation cost recovery	**3,900**	-
	- Option Fee Income	**-**	100,000
	- Government subsidies received	**104,538**	-
		110,080	100,000
e)	***Borrowing costs includes:***		
	- Interest on Convertible Notes (Note 23)	**387,668**	659,285
	- Interest on lease liability (Note 22)	**17,354**	20,663
		405,022	679,948

Note 6: Income tax

		2021 $	2020 $
a)	***Reconciliation of income tax equivalent expense (credit) to prima facie tax equivalent payable***		
	Profit (loss) from continuing operations before income tax expense	**(15,905,637)**	(4,177,115)
	Tax at Australian tax rate of 26% (2020: 27.5%)	**(4,135,466)**	(1,148,707)
	Adjustment for the tax effect of:		
	Non-assessable income	**(27,180)**	-
	Change in fair value of warrant liability	**2,517,686**	(462,092)
	Share based payments	**812,831**	287,832
	Unrealised foreign exchange loss	**-**	177,254
	Non-deductible legal fees	**50,096**	161,930
	Allowable expenditure capitalised to exploration and evaluation assets	**(336,414)**	(746,505)
	Other	**(41,828)**	(77,849)
		(1,160,275)	(1,808,137)
	Income tax losses and temporary differences not carried forward as deferred tax assets	**1,160,275**	1,808,137
	Income tax expense/(credit) attributable to profit/(loss)	**-**	-

(Expressed in Australian Dollars)

Note 6: Income tax (cont'd)

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 31 March 2021 was 26% on the basis that Macarthur Minerals was a Small Business Entity for the purposes of the tax law.

Deferred tax in the year to 31 March 2021 has been measured using the effective rate that will apply in Australia to Macarthur Minerals from 1 April 2020 (i.e. 26%).

c) Tax consolidation

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

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
	$	$	$
2021			
Tax losses	**85,935,841**	**6,274,205**	**92,210,046**
Potential benefit	**22,343,319**	**1,631,293**	**23,974,612**
2020			
Tax losses	82,236,255	5,801,877	88,038,132
Potential benefit	22,614,970	1,595,516	24,210,486

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).

(Expressed in Australian Dollars)

Note 7: Earnings per share (cont'd)

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

	2021 $	2020 $
Total profit/(loss) for the year	**(15,905,637)**	(4,177,115)
	Number	Number
Weighted average number of ordinary shares for basic/diluted earnings per share	**121,960,893**	87,083,411

The Company's outstanding options, warrants and RSU's that did not have a dilutive effect at 31 March 2021 are set out in Note 18. None had a dilutive effect, as the Company is in a loss position.

Note 8: Cash & Cash Equivalents

	2021 $	2020 $
Cash at bank and in hand		
Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates	**5,018,170**	4,518,165
	5,018,170	4,518,165

	2021 $	2020 $
Reconciliation of net loss after income tax to the net cash flows from operations		
Net Loss	**(15,905,637)**	(4,177,115)
Adjustments for:		
Depreciation – Plant and Equipment	**13,813**	18,310
Depreciation – Right of use asset	**71,921**	72,702
Share-based payments – employees & other costs	**3,126,272**	1,046,663
Change in fair value of warrant liability	**9,683,407**	(1,680,335)
Foreign exchange (gain)/loss	**(1,277,260)**	953,768
Shares issued in lieu of Consultancy fees	**45,259**	8,384
Changes in Assets and Liabilities:		
Receivables and other assets	**266,111**	(434,634)
Payables and provisions	**(257,489)**	565,681
Net cash used in operating activities	**(4,233,603)**	(3,626,576)

During the year ended 31 March 2021, the Company entered into the following non-cash investing and financing activities:

a) During the year, 15,248,936 shares were issued in connection with all outstanding convertible notes which were converted into Company shares prior to their maturity.

b) During the year, the Company issued 1,702,997 shares as consideration to Arrow Minerals Ltd pursuant to an agreement to acquire a mineral tenure for the development of site infrastructure at the Lake Giles Iron Project. The amount capitalized to exploration and evaluation assets was $250,000.

c) The Company issued 514,446 shares to consultants as consideration for consultancy fees totalling $279,450.

d) During the year, the Company issued 3,612,726 bonus shares totalling $1,204,053 to directors, employees and consultants.

(Expressed in Australian Dollars)

Note 8: Cash & Cash Equivalents (cont'd)

e) During the year, a total of 2,937,500 Restricted Share Units vested and shares were issued amounting to $535,950.

Note 9: Other Receivables

	2021 $	2020 $
Other receivables (financial instruments)	**1,837**	356
Other receivables (non-financial instruments)	**96,318**	90,542
	98,155	90,898

Note 10: Security Deposits and prepayments

	2021 $	2020 $
Security deposits	**156,626**	56,554
Prepayments	**19,389**	392,829
	176,015	449,383

Note 11: Plant and equipment

	Plant & Equipment $	Office Equipment $	Motor Vehicles $	Total $
Year ended 31 March 2020				
Opening net book value	5,309	10,358	-	15,667
Additions	-	7,047	59,325	66,372
Disposals	-	-	-	-
Depreciation charge	(4,143)	(6,579)	(7,588)	(18,310)
Closing net book amount	1,166	10,826	51,737	63,729
At 31 March 2020				
Cost	656,028	402,214	59,325	1,117,567
Accumulated depreciation and impairment	(654,215)	(392,035)	(7,588)	(1,053,838)
Transfers	(647)	647	-	-
Net book amount	1,166	10,826	51,737	63,729
Year ended 31 March 2021				
Opening net book value	**1,166**	**10,826**	**51,737**	**63,729**
Additions	**-**	**-**	**-**	**-**
Disposals	**-**	**-**	**-**	**-**
Depreciation charge	**(455)**	**(4,270)**	**(9,088)**	**(13,813)**
Closing net book amount	**711**	**6,556**	**42,649**	**49,916**
At 31 March 2021				
Cost	**655,381**	**402,861**	**59,325**	**1,117,567**
Transfers	**-**	**-**	**-**	**-**
Accumulated depreciation and impairment	**(654,670)**	**(396,305)**	**(16,676)**	**(1,067,651)**
Net book amount	**711**	**6,556**	**42,649**	**49,916**

(Expressed in Australian Dollars)

Note 12: Exploration and Evaluation Assets

(a) 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 31 March 2021, 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.

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 $1,295,329 was capitalised during the year ended 31 March 2021 (2020: $3,224,572), as per table below.

Exploration and evaluation expenditure

	Acquisition Costs	Deferred Exploration Costs	Total
	$	$	$
Balance as at 31 March 2019	**4,010,636**	**58,983,008**	**62,993,644**
Incurred during the year			
Accommodation and camp maintenance	-	100,134	100,134
Drilling	-	1,252,063	1,252,063
Environmental surveys	-	14,950	14,950
Tenement acquisitions	-	500,000	500,000
Other	-	42,192	42,192
Personnel and Contractors	-	443,936	443,936
Rent and rates	-	329,501	329,501
Research and reports	-	333,753	333,753
Sampling and testing	-	25,934	25,934
Tenement management and outlays	-	23,131	23,131
Travel	-	26,316	26,316
Vehicle hire	-	27,164	27,164
Fuel costs	-	105,498	105,498
	-	**3,224,572**	**3,224,572**
Balance as at 31 March 2020	**4,010,636**	**62,207,580**	**66,218,216**

(Expressed in Australian Dollars)

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

Incurred during the year			
Accommodation and camp maintenance	-	50,127	50,127
Environmental surveys	-	8,210	8,210
Other	-	34,066	34,066
Personnel and Contractors	-	227,294	227,294
Rent and rates	-	203,258	203,258
Research and reports	-	722,855	722,855
Sampling and testing	-	2,442	2,442
Tenement management and outlays	-	24,451	24,451
Travel	-	4,150	4,150
Vehicle hire	-	18,476	18,476
	-	**1,295,329**	**1,295,329**
Balance as at 31 March 2021	**4,010,636**	**63,502,909**	**67,513,545**

All capitalised exploration costs represent costs incurred during the exploration and evaluation phase. Of the total capitalised exploration and evaluation assets $201,357 (2020: $188,835) relates to lithium projects, the remaining all relates to the Iron ore project.

(b) Investment in FE Ltd ("FEL")

The Company's investment in FEL, a publicly traded Company on the Australian Stock Exchange, has increased by $853,333 (2020: ($133,333)) during the year to $1,120,000 (2020: $266,667) with the fair value increase being reported in Other Comprehensive Income.

(c) 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.

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

	2021 **$**	**2020** **$**
Not later than one year	**1,368,684**	904,403
Later than one year but not later than five years	**4,088,930**	3,580,724
	5,457,614	4,485,127

For the financial year ending 31 March 2021, the Company may apply for exemptions against expenditure in relation to those tenements which did not have sufficient expenditure recorded against them in the prior 12 months of their term. Exemption has and may be sought on the basis that aggregate expenditure on those tenements in prior years far exceeded the minimum required. In the event that exemption for these tenements is not granted (which the Company believes is highly unlikely), the Company may have to impair/expense the value of the amount capitalised to exploration and evaluation assets for those tenements.

(Expressed in Australian Dollars)

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

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:

	2021 $	2020 $
Not later than one year	**931,684**	286,503
Later than one year but not later than five years	**4,088,930**	3,580,724
	5,020,614	3,867,227

The Company entered into an option agreement with FE Ltd for its lithium and gold tenements in the Pilbara region of Western Australia. The option was exercised on 2 July 2019. FE Ltd elected to terminate the agreement on 15 September 2020 and the parties finalised arrangements for the orderly close-out of the joint venture, with effect from 15 September 2020. Macarthur (through MLi) now retains 100% of the Tenements.

On 23 December 2019, the Company entered into an agreement with Arrow Minerals Limited ("Arrow") to acquire mineral tenure for the development of site infrastructure at its Lake Giles Iron Project. Macarthur has acquired a substantial package of land covering approximately 4,950 ha adjacent to the Moonshine Magnetite deposit. The tenure will be used for constructing supporting infrastructure and it also paves the way forward to obtain access to tenure to construct a private haul road from the project through to the open access Perth to Kalgoorlie railway owned by Arc Infrastructure. In consideration for entering into the agreement, Macarthur was required to pay Arrow $500,000, being $250,000 in cash, paid immediately, and issued $250,000 in shares in June 2020.

Note 13: Trade and other payables

	2021 $	2020 $
Current		
Trade creditors	**530,113**	460,140
Other creditors and accruals	**106,893**	445,520
	637,006	905,660

Note 14: Provisions

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

	2021	2020
Current	$	$
- Short term employee obligations	**64,519**	58,756
Non-current:		
- Long service leave entitlements	**32,920**	27,518
	97,439	86,274
Opening balance	**86,274**	61,586
Additional provisions	**20,549**	32,868
Amounts used	**(9,384)**	(8,180)
Closing Balance	**97,439**	86,274

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.

(Expressed in Australian Dollars)

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.

	2021	**2020**
	$	**$**
Ordinary shares		
Issued and fully paid	**119,342,705**	104,794,986
	Number	**Number**
Number of shares on issue	**139,614,135**	102,386,361

		2021	2020
		No. #	No. #
At the beginning of the reporting period		**102,386,361**	305,166,284
Share consolidation [1] (1 share for 4 shares)		**-**	(228,874,713)
Shares issued during the year:			
i.	17 Sept 2020 (CAD$0.32 per share)	**2,937,500**	-
ii.	26 Oct 2020 (AUD$0.55 per share)	**5,137,382**	-
iii.	2 Nov 2020 (AUD$0.55 per share)	**6,225,236**	-
iv.	Bonus shares	**3,612,726**	-
v.	Shares in consideration for consultancy fees	**837,997**	-
vi.	Conversion of Convertible Notes	**15,248,936**	-
vii.	Shares in consideration for assets	**1,702,997**	-
viii.	Exercise of options and warrants	**1,525,000**	1,490,000
ix.	22 Apr 2019 (CAD$0.08 per share)	**-**	2,750,000[1]
x.	25 Jun 2019 (CAD$0.09 per share)	**-**	21,838[1]
xi.	2 Dec 2019 (AUD$0.25 per share)	**-**	20,032,952
xii.	19 Dec 2019 (AUD$0.25 per share)	**-**	1,800,000
At the end of the year		**139,614,135**	102,386,361

[1] Amounts shown have been converted to post consolidation amounts.

Details of shares issued above are outlined below:

i. On 17 September 2020, pursuant to the Company's Share Compensation Plan, 2,937,500 shares were issued to Employees and Directors of the Company upon conversion of RSU's which vested.

ii. On 26 October 2020, 5,137,382 shares at AUD$0.55 per share were issued in connection with the Private Placement announced on 13 October 2020. One unit comprised of one share and one option exercisable at AUD$0.90 per share, with an expiry date that is 24 months from the date of issuance.

iii. On 2 November 2020, 6,225,236 shares at AUD$0.55 per share were issued in connection with the Private Placement announced on 13 October 2020 following receipt of shareholders' approval at the Company's Annual General Meeting on October 30, 2020, in accordance with ASX listing rule requirements relating to future placement capacity. One unit comprised of one share and one option exercisable at AUD$0.90 per share, with an expiry date that is 24 months from the date of issuance.

(Expressed in Australian Dollars)

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

iv. During the year, 3,612,726 bonus shares at an average price of AUD$0.33 per share were issued to Directors, employees and a consultant.
v. During the year, 837,997 shares at an average price of AUD$0.39 per share were issued to Consultants in consideration for consultancy fees.
vi. During the year, 15,248,936 shares were issued in connection with all outstanding convertible notes which were converted into Company shares prior to their maturity.
vii. During the year, 1,702,997 shares with a value of $250,000 were issued to Arrow Minerals Ltd pursuant to an agreement to acquire mineral tenure for the development of site infrastructure at Lake Giles Iron Project.
viii. During the year, 1,525,000 options were exercised. The value to Contributed Equity was AUD$353,963 (2020: $351,342). During the 2020 year, 1,420,000 options and 70,000 warrants were exercised.
ix. On 22 April 2019, pursuant to the Company's Share Compensation Plan, 2,750,000 shares were issued to Employees and Directors of the Company upon conversion of RSU's which vested.
x. On 25 June 2019, 21,838 shares at CAD$0.09 per share were issued to a Director in lieu of Director fees.
xi. On 2 December 2019, the Company issued 20,032,952 shares at a price of AUD$0.25 as part of its ASX IPO.
xii. On 19 December 2019 pursuant to the Company's Share Compensation Plan, 1,800,000 Bonus Shares were issued to directors, employees and consultants of the Company at a deemed price of AUD$0.25 per share, being the closing share price per Common Share on the ASX on the trading day immediately preceding the day on which they were issued. The value to Contributed Equity was AUD$450,000.

b) Reserves

	Share Based Payments Reserve $	Financial Asset Revaluation Reserve $	Share Capital Reserve $	Total $
As at 1 April 2019	4,539,152	-	-	4,539,152
Fair value loss on financial assets	-	(133,333)	-	(133,333)
Cost of share-based payments	324,728	-	-	324,728
Transfer from Reserves	(81,595)	-	-	(81,595)
As at 31 March 2020	**4,782,285**	**(133,333)**	**-**	**4,648,952**
Fair value gain on financial assets	**-**	**853,333**	**-**	**853,333**
Cost of share-based payments	**1,922,219**	**-**	**-**	**1,922,219**
Vested RSU's	**(535,950)**	**-**	**-**	**(535,950)**
Residual cost of private placement	**-**	**-**	**186,757**	**186,757**
Transfer from reserves	**(26,241)**	**-**	**-**	**(26,241)**
As at 31 March 2021	**6,142,313**	**720,000**	**186,757**	**7,049,070**

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 15: Contributed equity and reserves (cont'd)

Financial Asset Revaluation Reserve

The financial asset revaluation reserve records revaluations of financial assets.

Share Capital Reserve

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

Note 16: Warrant Liability

During the year ended 31 March 2021, no warrants were issued (31 March 2020 – 4,101,275). 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 and Loss. The warrant derivative liability is classified as level 2 in the fair value hierarchy. As of 31 March 2021, the Company had 25,777,188 (2020 – 25,777,188) warrants outstanding, which are classified and accounted for as a financial liability. The Company recognised a loss during the year of $9,683,407 (2020: ($1,680,335 gain)) from changes in the fair value of the warrant liability. The value of warrant liability as at 31 March 2021 is $10,582,972 (2020: $899,565). There are 21,675,913 warrants due to expire in the next 9 months, and if they were to be exercised in accordance with the terms and conditions of the warrants, this will result in a cash inflow of up to CAD$11,841,638.

The Group uses the Black-Scholes Option Pricing Model, or other valuation models, for the valuation of Convertible Note Derivatives and Warrant derivatives. Option pricing models require the input of subjective assumptions including expected share price volatility, interest rate, foreign currency and forfeiture rate.

Changes in the input assumptions can materially affect the fair value estimate and the Group's net loss and equity reserves. 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 31 March 2021	Year ended 31 March 2020
	Weighted average	*Weighted average*
Share price	**CAD $0.51**	**CAD $0.08**
Exercise price	**CAD $0.52**	**CAD $0.52**
Risk-free interest rate	**0.23%**	**0.46%**
Expected life of warrants	**0.79 years**	**1.89 years**
Annualized volatility	**278.98%**	**170.35%**
Dividend rate	**0%**	**0%**

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 30 September 2020, being 125,599,345 Common Shares. Both of the Plans were approved on 30 October 2020 by the shareholders and replace the Company's previous Plans.

(Expressed in Australian Dollars)

Note 17: Share Compensation Plans and Share Based Payments (cont'd)

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

Note 18: 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:

	2021		2020	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	**5,080,000**	**$0.25 (CAD$0.22)**	7,678,816	$0.23 (CAD$0.22)
Granted	**3,500,000**	**$0.28 (CAD$0.27)**	500,000	$0.34 (CAD$0.31)
Expired	**(2,020,000)**	**$0.23 (CAD$0.22)**	(1,428,816)	$0.27 (CAD$0.24)
Forfeited	**-**	**-**	(250,000)	$0.46 (CAD$0.40)
Exercised	**(1,525,000)**	**$0.24 (CAD$0.23)**	(1,420,000)	$0.24 (CAD$0.21)
Outstanding, end of year	**5,035,000**	**$0.27 (CAD$0.25)**	5,080,000	$0.25 (CAD$0.22)
Options exercisable, end of year	**5,035,000**	**$0.27 (CAD$0.25)**	5,080,000	$0.25 (CAD$0.22)

Share options under the Company's Plans outstanding at 31 March 2021 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
555,000	CAD$0.20	3 Dec 2021
1,480,000	CAD$0.20	24 Feb 2022
500,000	AUD$0.34	31 Dec 2022
500,000	AUD$0.36	31 Dec 2022
500,000	AUD$0.38	31 Dec 2022
500,000	CAD$0.16	31 Dec 2022
500,000	CAD$0.24	31 Dec 2022
500,000	CAD$0.32	31 Dec 2022

During the year the Company's share price has ranged from CAD$0.09 to CAD$0.66. The weighted average remaining contractual life for the share options as at 31 March 2021 is 1.39 years. The weighted average value of options issued in the year is $0.15 (2020: $0.035).

During the year ended 31 March 2021

(i) On 28 May 2020, the Company granted 3,500,000 options to consultants. The options expire 3 years from the date of the offer.

(Expressed in Australian Dollars)

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

During the year ended 31 March 2020

(ii) On 17 December 2019, the Company granted 500,000 options to Lead Manager and Corporate Advisor, Shaw and Partners with an exercise price of AUD$0.3125 per option. The options expire 3 years from the date of the offer (Lead Manager Options) these have been recorded in the Consolidated Statement of Changes in Equity as a share issuance cost.

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

	2021		2020	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	**-**	**-**	-	-
Granted	**12,862,618**	**AUD$0.88**	-	-
Expired	**-**	**-**	-	-
Forfeited	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Outstanding, end of year	**12,862,618**	**AUD$0.88**	-	-
Options exercisable, end of year	**12,862,618**	**AUD$0.88**	-	-

During the year ended 31 March 2021

(i) On 26 October 2020, as part of the private placements, the Company granted 5,137,382 Tranche 1 options. On 2 November 2020, after shareholders' approval, the Company granted 6,225,236 Tranche 2 options. Both tranches have an exercise price of AUD$0.90 and expire 2 years from issue date.
(ii) On 12 November 2020, after shareholders' approval, the Company issued to CST Capital Pty Ltd, 1,500,000 unlisted options pursuant to the services agreement as part payment of the arranger fee for the establishment of the Equity Finance Facility. The options have an exercise price of AUD$0.75 and expire on 12 November 2022.

b) Restricted Share Units

During the year ended 31 March 2021

(i) On 8 December 2020, a total of 1,000,000 restricted share units ("RSUs"), were granted to Cameron McCall, Executive Chairman, and Joe Phillips, Managing 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 CAD$0.65 for 20 consecutive trading days. The RSU's expire on 8 December 2023.
(ii) On 19 January 2021, a total of 2,282,500 restricted share units ("RSUs"), were granted to employees and consultants, and Cameron McCall, Executive Chairman, Joe Phillips, Managing Director, Andrew Suckling, Non-Executive Director, and Alan Phillips, Non-Executive Director, Andrew Bruton, CEO and Mima Wirakara, Company Secretary as part of the executive consulting and employment 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 CAD$0.70 for 20 consecutive trading days. The RSU's expire on 19 January 2024.

(Expressed in Australian Dollars)

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

During the year ended 31 March 2020

On 3 September 2019, a total of 3,500,000 restricted share units ("RSUs"), were granted to employees and consultants, and Cameron McCall, Executive Chairman, Joe Phillips, CEO, Earl Evans, Non-Executive Director, Andrew Suckling, Non-Executive Director, and Alan Phillips, Non-Executive Director, Andrew Bruton, (then Company Secretary) 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 CAD$0.32 for 20 consecutive trading days.

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

	2021		2020	
	Number of RSUs	**Weighted Average Vesting Price**	Number of RSUs	Weighted Average Vesting Price
Outstanding, beginning of year	**4,726,471**	**$0.52 (CAD$0.45)**	4,126,471	$0.48 (CAD$0.52)
Granted	**3,282,500**	**$0.72 (CAD$0.68)**	3,500,000	$0.37 (CAD$0.32)
Vested	**(2,937,500)**	**$0.33 (CAD$0.32)**	(2,750,000)	$0.37 (CAD$0.32)
Forfeited	**(612,500)**	**$0.43 (CAD$0.41)**	-	-
Expired	**(1,176,471)**	**$0.84 (CAD$0.80)**	(150,000)	$0.65 (CAD$0.56)
Outstanding, end of year	**3,282,500**	**$0.72 (CAD$0.68**	4,726,471	$0.52 (CAD$0.45)

RSUs outstanding at 31 March 2021 are all exercisable and have the following vesting prices and expiry dates:

Number of RSUs	Vesting Price	Expiry Date
1,000,000	CAD$0.65	8 Dec 2023
2,282,500	CAD$0.70	19 Jan 2024

The value of 2,937,500 RSU's vested on 17 September 2020 was $535,950.

The weighted average remaining contractual life for the RSUs as at 31 March 2021 is 2.77 years. The weighted average value of RSUs issued in the year is $0.72 (2020: $0.52).

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

	Year ended 31 March 2021	Year ended 31 March 2020
	Weighted average	*Weighted average*
Share price	**CAD $0.68**	CAD $0.05
Exercise price	**CAD $0.47**	CAD $0.32
Risk-free interest rate	**0.18%**	1.35%
Expected life of RSU's	**2.85 years**	1.95 years
Annualized volatility	**110.22%**	113.60%
Dividend rate	**0%**	0%

(Expressed in Australian Dollars)

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

c) Warrants

During the year ended 31 March 2021

(i) No warrants were issue during the year.

During the year ended 31 March 2020

(i) A total of 4,101,275 warrants were issued in connection with the Convertible Notes announced on 10 July 2019 at an exercise price of CAD$0.40 per Warrant. Each whole Warrant entitles the holder to acquire one Common Share for CAD$0.40 for a term of 3 years 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:

	Year ended 31 March 2021		Year ended 31 March 2020	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	**25,777,188**	**$0.60 (CAD$0.52)**	21,745,913	$0.58 (CAD$0.55)
Granted	**-**	**-**	4,101,275	$0.46 (CAD$0.40)
Forfeited	**-**	**-**	-	-
Expired	**-**	**-**	-	-
Exercised	**-**	**-**	(70,000)	$0.46 (CAD$0.40)
Outstanding, end of year	**25,777,188**	**$0.55 (CAD$0.52)**	25,777,188	$0.60 (CAD$0.52)
Warrants exercisable, end of year	**25,777,188**	**$0.55 (CAD$0.52)**	25,777,188	$0.60 (CAD$0.52)

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

Number of warrants	Exercise Price	Expiry Date
7,928,183	CAD$0.80	15 Dec 2021[1]
3,563,100	CAD$0.40	24 Sept 2021
10,184,630	CAD$0.40	15 Dec 2021
3,029,375	CAD$0.40	5 Aug 2022
867,291	CAD$0.40	1 Oct 2022
204,609	CAD$0.40	3 Nov 2022

[1] The TSX-V consented to an extension on the expiry for these warrants, previously expiring 15 December 2020.

The weighted average remaining contractual life for the warrants as at 31 March 2021 is 0.79 years. The weighted average value of warrants issued in the year is $Nil (2020: $0.25). 500,000 warrants have been exercised since 31 March 2021.

Note 19: Share Based Payments

The Company measures the cost of share options at fair value at the grant date using the Trinomial 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.

(Expressed in Australian Dollars)

Note 19: Share Based Payments (cont'd)

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(a)(i) for details of options granted during the year.

The following assumptions were used for the Black Scholes valuation of stock options granted during the year. During the year options were granted in both Australian dollars (AUD) and Canadian dollars (CAD). The weighted average assumptions used in the Black Scholes valuation have been separated based on the currency of the share price and exercise price. In the prior year, options were granted with a CAD exercise price.

	Year ended 31 March 2021	**Year ended 31 March 2021**	Year ended 31 March 2020
	Weighted average	***Weighted average***	*Weighted average*
Share price	**AUD$0.50**	**CAD$0.18**	CAD$0.24
Exercise price	**AUD$0.81**	**CAD$0.24**	CAD$0.31
Risk-free interest rate	**0.13%**	**0.28%**	1.72%
Expected life of options	**2.01 years**	**2.59 years**	3.00 years
Annualized volatility	**181.52%**	**152.76%**	243.78%
Dividend rate	**0%**	**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. The value of Share based payments during the year of $3,126,272 (2020:$1,046,663) was expensed to the statement of profit or loss and other comprehensive income.

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 2021**	**2020**
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
Cameron McCall, Chairman (from 1 December 2020)
Alan Phillips, Non-Executive Director
Andrew Suckling, Non-Executive Director (Independent) (appointed 21 May 2019)
Daniel Lanskey, Non-Executive Director (Independent) (appointed 20 September 2019)

Other
Andrew Bruton, CEO (from 1 December 2020)

Executive Directors
Cameron McCall, Executive Chairman (until 30 November 2020)
Joe Phillips, CEO (until 30 November 2020) Managing Director (from 1 December 2020)

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

2021	**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	320,000	-	-	54,000	-	-	204,631	578,631
J Phillips	380,000	-	-	299,002	-	-	245,206	924,708
Non-Executive Directors:								
A Phillips	110,000	-	-	54,000	-	-	54,100	218,100
A Suckling	95,636		-	67,500	-	-	54,100	217,236
D Lanskey	69,996	-	-	54,000			54,100	178,096
Chief Executive Officer								
A Bruton [1]	420,000	-	-	94,500	-	-	94,675	609,175
Total	**1,395,632**	**-**	**-**	**623,002**	**-**	**-**	**706,812**	**2,725,446**

[1] Appointed CEO on 1 December 2020.

Remuneration accrued and payable to key management personnel as at 31 March 2021 was $34,892.

Total remuneration of each key management personnel of the Company for the year ended 31 March 2020 is set out below.

2020	**Short Term Employee Benefits**				**Post-Employment Benefits**		**Share Based Payments**	
Executive Directors:	Cash Salary & Fees	Accrued Salaries	Cash Bonus	Non-monetary benefits [5]	Super-annuation	Retirement Benefits	Options/RSUs	Total
	$	$	$	$	$	$	$	$
C McCall	305,000	-	-	50,000	-	-	91,226	446,226
J Phillips	350,000	-	-	100,000	-	-	182,452	632,452
Non-Executive Directors:								
A Phillips	108,258	-	-	-	-	-	-	108,258
A Suckling [3]	78,940		-	50,000	-	-	91,226	220,166
D Lanskey [4]	39,220	-	-	50,000			-	89,220
E Evans [2]	37,209	-	-	-	-	-	91,226	128,435
D Lenigas [1]	-	-	-	8,384	-	-	-	8,384
Total	**918,627**	**-**	**-**	**258,384**	**-**	**-**	**456,130**	**1,633,141**

(Expressed in Australian Dollars)

Note 21: Key Management Personnel (cont'd)

[1] On 25 June 2019 David Lenigas was issued 87,341 shares in lieu of Director Fees. David Lenigas resigned on 22 May 2019.
[2] Earl Evans fees include Director Fees from 5 February 2019. Earl Evans resigned on 20 September 2019
[3] Andrew Suckling fees include Director Fees from 21 May 2019.
[4] Daniel Lanskey fees include Director Fees from 20 September 2019.
[5] Bonus Shares were issued on 19 December 2019 to Cameron McCall, Joe Phillips, Andrew Suckling and Daniel Lanskey. David Lenigas received shares in lieu of Director's fees.

Remuneration accrued and payable to key management personnel as at 31 March 2020 was $59,941.

Note 22. Right of Use Asset

a. Variable Lease Payments
The Group maintains one property lease over its premises at 555 Coronation Drive, Toowong, Qld. The Group also maintains an office in South Korea which is on a short-term basis which may be cancelled at any time and is therefore not included as a right-to-use asset.

b. Option to Extend or Terminate
The option to extend the lease is contained within the Groups leased premises and provides the Group the opportunity to manage leases in order to align with its strategies. The extension option is only exercisable by the Group, the extension option which management were reasonably certain to be exercised has been included in the calculation of the lease liability.

c. AASB 16 Related Amounts recognised in the Groups Financial Statements
i. Statement of Financial Position

Right-of-use asset	**31 March 2021 $**	**31 March 2020 $**
Leased building	**431,527**	431,527
Accumulated amortisation	**(173,809)**	(101,888)
	257,718	329,639

ii Statement of Profit or Loss and Other Comprehensive Income

	31 March 2021 $	**31 March 2020 $**
Amortisation charge related to right-of-use asset	**71,921**	72,702
Interest expense on lease liabilities	**17,354**	20,663
Short-term lease expense	**89,275**	93,365

iii Total Cash outflows

Interest expense	**17,354**	20,663
Principal payments	**63,488**	59,017
	80,842	79,680

(Expressed in Australian Dollars)

Note 22. Right of Use Asset (cont'd)

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

As at 31 March 2021

	$ Within 1 year	$ 1 to 5 years	$ Total
Lease liabilities	(69,936)	(213,476)	(283,412)

As at 31 March 2020

	$ Within 1 year	$ 1 to 5 years	$ Total
Lease liabilities	(63,488)	(283,412)	(346,900)

Note 23. Convertible Note

In July 2019 the Company closed a fully subscribed private placement of secured convertible notes amounting to $8,134,049 as at 31 March 2020. The convertible notes were deemed to contain an embedded derivative which the Company valued at Nil, the notes were therefore measured at amortised cost. During September 2020, all outstanding notes were converted into Company shares prior to their maturity.

Note 24: Commitments

a) 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 to the Consolidated Financial Statements for the year ended 31 March 2021.

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

Note 25: Contingent Liabilities

a) Security Bonds

The Company has a contingent liability of $56,626 for bank guarantees issued for office leasing arrangements in Brisbane and corporate credit cards and a $100,000 bank guarantee in relation to the Memorandum of Understanding ("MOU") with Southern Ports Authority ("SPA") which provides a pathway for agreeing a potential access and operating solution for the export of Macarthur's high grade magnetite iron ore product via the Port of Esperance ("Port").

b) Supreme Court Proceedings

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

On 26 November 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 22 January 2015 and this matter remains ongoing.

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 5 July 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 28 August 2019. The appeal was subsequently set down for hearing on 24 October 2019. On 30 June 2020, the Court of Appeal handed down its decision, dismissing the appeal with costs.

Note 25: Contingent Liabilities (cont'd)

On 29 July 2020, the FSDC Directors filed in the High Court of Australia an application for special leave to appeal against the judgement of the Court of Appeal of the Supreme Court of Queensland. On 5 November 2020, the High Court dismissed the application by the FSDC Directors for special leave to appeal against a previous decision of the Court of Appeal of the Supreme Court of Queensland.

The High Court's refusal to grant the Applicants special leave to appeal means that the longstanding proceedings (initiated in 2016) are now finally at an end. There is no further avenue of appeal available to the FSDC Directors.

Note 26: Subsequent Events

a) Exercise of options and warrants

During April 2021 a total of 500,000 options and 250,000 warrants were exercised resulting in new shares being issued to the value of $189,494

During May 2021 a total of 250,000 warrants were exercised resulting in new shares being issued to the value of $110,914.

b) Investment in FE Ltd

The Company's investment in FEL has decreased on 11 May 2021 via the disposition of 13,000,000 shares. Following that, the Company holds 13,666,667 FEL shares.

c) Share Based Compensation

Since year end and up to the date of this report, a total of 5,600,000 RSUs expiring on 11 June 2024 with vesting criteria upon the closing share price of the Company's shares on the TSX-V being greater than CAD$0.90 for 20 consecutive trading days were granted to directors, employees and consultants of the Company.

500,000 performance-based options with an exercise price of CAD$0.80 and expiring on 11 December 2022 were issued by the Company to Investor Cubed Inc.

d) The Spin-out of Pilbara assets into Infinity Mining Limited

The Company intends to spin-out its non-iron ore assets in the Pilbara into Infinity Mining Limited ("Infinity") and make application to list on the Australian Stock Exchange later this year, subject to exchange approvals.

Currently the Company holds an exclusive right to undertake due diligence on 10 historic gold/copper tenements in the Leonora area of the Central Goldfields region of Western Australia, held by Zanil Pty Ltd ("Zanil").

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 2 to 45 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 31 March 2021 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
Chairman

Dated: 29 June 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Macarthur Minerals Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Macarthur Minerals Ltd. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2021 and 2020 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, 2021 and 2020, 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.

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

June 29, 2021