MACARTHUR®
Minerals

Australian Annual Report

Year End 31 March 2018

Chairman's 2018 Highlights

This year, Macarthur Minerals focussed on exploration for gold and nickel and identified options for development of our Western Australian iron ore and lithium projects. We are excited about the potential of our iron ore assets to add real value for our shareholders in the future.

In 2017, Macarthur Minerals ventured into the evolving global lithium supply market, acquiring one of the largest "hard rock" lithium acreage packages for any junior company. We also expanded our lithium interests into Nevada, USA acquiring the Reynolds Springs lithium brine project.

Macarthur currently holds a very large gold and lithium acreage portfolio in Australia, now covering a total area over 1,328 square kilometers in the Pilbara, region of Western Australia. This year, after preliminary investigation and the development of new processing capacity in the Pilbara, strategic parties have been identified to advance geological investigations.

The brine lithium acreage is located in Nevada, strategically located close to Tesla's new Gigafactory, which has a planned production capacity of 35 gigawatt-hours per year by 2020.

Macarthur also commenced exploration for gold at its Hillside, Panorama and Bonnie Scot projects in the Pilbara. Macarthur entered into a farm-in deal with ASX listed Artemis Resources to explore for conglomerate hosted gold at it Panorama Gold Project. Stream and rock chip sampling along with SkyTEM electromagnetic survey have been completed on these areas.

Macarthur Iron Ore Projects

Historically the Company was primarily focused on its iron ore projects, having spent over $61 million to delineate a resource, complete project studies and to obtain environmental approval. The key impacts on moving the iron ore projects forward have been:

- Commodity cycle down turn
- Capital to build mine; and
- Access to port and rail export infrastructure

Macarthur may be able to exploit the mining, logistics and export infrastructure that become available with the depletion of reported reserves at adjacent projects. It also appears that there is some stability in the iron ore price and there is potential Macarthur can now pave the way to developing its iron ore projects. The Canadian market does not think favourably of iron ore, given the failing of many companies in the Labrador trough and therefore unfortunately, we believe there is no value currently being attributed to Macarthur's iron ore projects.

Iron ore is a major component of Macarthur's portfolio, now with current US/AUD exchange rates and favourable iron ore pricing, Macarthur is seeking to advance these projects.

Nickel & Cobalt at Lake Giles

The Nickel and Cobalt opportunity currently being developed also has the ability to add solid value to Macarthur. The Company has one of the largest unexplored section of the Yerilgee greenstone belt interpreted to consist of a basal sequence of high magnesium basalt flows more than 1 kilometer thick, overlain by komatlic ultramafic volcanic rocks with narrow inflow BIFs and in some cases sedimentary rocks.

The majority of historical drilling at Snark and Moonshine has been shallow RC or Diamond and regionally, Kambalda style Nickel mineralisation has only been found at depth. The interpretation of historical aeromagnetic data suggests possible presence of lava channels and Komatiites flows which are favourable of nickel-sulphide deposits.

The exploration program on this project is underway, with rock chip, soil sampling and geophysics completed. This data will be collated to identify specific hot spots for further exploration.

Pilbara Gold Projects

Macarthur conducted a review of historical exploration data across its Pilbara acreage and determined the potential for gold mineralisation on several tenements. These projects have been named the Hillside Gold Project and the Panorama/Bonnie Scot Gold projects.

The Panorama/Bonnie Scot Gold projects cover an extensive area for the Mt Roe basalts that are considered to be highly prospective for conglomerate hosted gold. Exploration commenced in March 2018 with Artemis Resources undertaking a stream sediment sampling program.

Macarthur also commenced exploration at its Hillside Gold project in May 2018 with a SkyTEM geophysical survey flown over an extensive area. This survey will help identify deep conductors such as clusters of massive sulphide-hosted base metal deposits.

Hard Rock Lithium Acreage

Macarthur's Pilbara lithium acreage is adjacent to and covers similar geological settings to the "world class" Pilgangoora lithium deposits, which host the advanced lithium projects of ASX listed companies, Pilbara Minerals Limited and Altura Mining Limited. Intial reconnaissance across a fraction of our Pilbara lithium acreage has been very encouraging justifying continued assessment.

Reynolds Springs Project

Macarthur holds 210 new unpatented placer mining claims at its Reynolds Springs Lithium Brine Project in the Railroad Valley, Nevada. Analysis of geochemical soil sampling at Reynolds Springs found up to 405 ppm Li. Macarthur conducted a review of several historic well logs drilled on and adjacent to the claims and identified several conductive zones indicating the potential of a brine acquifer.

Moving Forward

Macarthur will rapidly move forward to explore its acreage and develop high quality mineral assets. We have an excellent acreage package forming the foundations for our future success in the lithium supply industry. While we continue to develop and grow our assets, we will also identify opportunities to maximise the value of our iron ore projects.

Cameron McCall

Executive Chairman

ACN 103 011 436

Annual Report - Year ended 31 March 2018

Contents	**Page**
Corporate directory	1
Directors' report	2
Auditor's independence declaration	16
Financial report	17
Directors' declaration	58
Independent audit report to the members	59

Corporate Directory
31 March, 2018

Stock Exchange Listing

Macarthur Minerals Limited (the "Company" or "Macarthur Minerals") is an Australian public company and is quoted on the Official List of the TSX Venture Exchange ("TSX-V") (symbol: MMS). The Company is incorporated in Australia and registered in Queensland.

Directors

Cameron McCall, Executive Chairman (appointed Executive 17 October 2017)
Alan Joseph ("Joe") Phillips, CEO and Director (appointed as an Executive Director on 11 October 2017 and as CEO on 24 October 2017)
David Lenigas, Independent Director
Earl Evans, Independent Director (appointed 5 February 2018)
Alan Phillips, Non-Executive Director

Company Secretary

Nicola Ingram

Registered and Head Office

Level 20
10 Eagle Street
Brisbane QLD 4000
Australia

Telephone: +61 7 3221 1796
Fax: +61 7 3221 6152
Email: communications@macarthurminerals.com
Website address: www.macarthurminerals.com

Canadian Share Registry

Computershare Investor Services Inc.
510 Burrard St, 3rd Floor
Vancouver, BC V6C 3B9
Canada

Website address: www.computershare.com

Australian Share Registry

Computershare Investor Services Inc.
117 Victoria St, West End
Brisbane, QLD 4101
Australia

Website address: www.computershare.com.au

Auditors – Australia

Nexia Brisbane Audit Pty Ltd
Level 28,
10 Eagle Street
Brisbane QLD 4000
Australia

Telephone: +61 7 3229 2022
Fax: +61 7 3229 3277

Website address: www.nexia.com.au

Auditors – Canada

Davidson & Company LLP
1200-609 Granville Street
PO Box 10372 Pacific Centre
Vancouver BC V7Y1G6
Canada

Telephone: +1 604 687 0947
Fax: +1 604 687 6172

Website address: www.davidson-co.com

Your directors present their report together with the financial statements of the consolidated entity (referred to hereafter as the Group) consisting of Macarthur Minerals Limited ACN 103 011 436 and the entities it controlled at the end of, or during, the year ended 31 March, 2018. All dollar amounts are presented in the Australian currency unless stated otherwise.

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless stated otherwise:

Name, Independence Status and Special Responsibilities	**Experience, expertise and qualifications**
Mr Cameron McCall Executive Chairman Member of Audit Committee	Mr McCall was first appointed as Independent Director on 28 April 2015 and Non-Executive Chairman on 3 December 2015. Mr McCall was appointed an Executive Chairman on 17 October 2017. Mr McCall has a wealth of experience across the financial services and commercial property industries within Australia and internationally. He has been providing investment, equity capital raising and share trading advice for over 17 years to corporate entities and private clients at Hartleys Limited and Macquarie Bank Limited. Mr McCall has during his 40 year career built an extensive network of international and Australian based high net worth individuals and corporate entities. Mr McCall is currently running a corporate advisory business providing advice on asset acquisition and capital raising to international and Australian based organisations.
Mr Joe Phillips CEO & Director	Mr Phillips was appointed as Executive Director on 11 October 2017 and was appointed as CEO on 24 October, 2017. Mr Phillips was previously the Company's CEO and was responsible for the original funding and development of the Company's significant iron ore assets, having completed its 2012 Prefeasibility Study for the Ularring Hematite Project and obtaining environmental approvals. Educated at the University of Queensland he combines strong project management skill with a discipline in economics and a detailed understanding of the operation of public administrations and the elected governments in Australia.
Mr David Lenigas Independent Director Chairman of Audit Committee	Mr Lenigas was appointed as Independent Director on 11 July 2016. Mr Lenigas is a Mining Engineer, with extensive experience in the lithium business, having recently retired as the Executive Chairman of Cadence Minerals plc (AIM: KDNC) ("Cadence") (previously Rare Earth Minerals plc). Cadence is a London and New York listed Investment Company, which has a number of strategic investments in lithium projects around the world. Mr Lenigas is Executive Chairman of LGC Capital Ltd listed on the TSX-V (TSX-V: QBA). In addition, he is the Executive Chairman of a bespoke agri-logistics company; London listed AfriAg plc (ISDX: AFRI) and Executive Chairman of UK oil company, Doriemus plc (ISDX: DOR). He is also director of ASX listed companies, Southern Hemisphere Mining Limited (ASX:SUH), Auroch Minerals Limited (ASX:AUO) and Artemis Resources Limited (ASX:ARV).
Mr Alan Phillips Non-Executive Director	Mr Phillips was appointed to the board on 19 October 2005. Mr Phillips was President and CEO of the Company from 31 August 2009 until his resignation from those positions on 28 April 2015. Mr Phillips continued as Executive Director until his resignation as Executive Director on 1 January 2017. Mr Phillips continues as Non-Executive Director. Mr Phillips has been a senior executive, director and chairman of ASX, TSX-V, TSX and AIM listed companies over a period of 40 years. Mr Phillips specialises in start-up and turnaround companies across a broad range of industries, but predominantly in the mining and exploration of copper, gold, ethanol and iron ore and technology sectors.

Directors (Cont'd)

Mr Earl Evans
Independent Director

Member of Audit Committee

Mr Evans was appointed as Independent Director on 5 February 2018.

Mr Evans has held numerous senior executive roles throughout his 26 year career in the financial services industry and is currently Joint CEO of Shaw and Partners which is one of Australia preeminent investment firms with offices in each state of Australia, managing $14 billion in assets. Prior to this role, Mr Evans has had an impressive investment banking career spanning 11 years as Executive Director within the Macquarie Group Limited including 5 years in Canada as the Head of Banking and Financial Services for North America.

Mr David Taplin
Former President, CEO and Director (Resigned 5 February 2018)

Member of Audit Committee (Resigned 5 February 2018)

Mr Taplin was appointed as an Executive Director on 28 April 2015 and appointed President and CEO on 3 December 2015 and resigned on 5 February 2018. Prior to his appointment as President and CEO from 31 August 2009 Mr Taplin was the Company's CFO, General Counsel and Company Secretary (resigned as Company Secretary on 31 March 2016).

Mr Taplin has 25 years' experience as an executive in mining, gas and electricity. In addition to CEO, he has held positions as chief financial officer, company secretary, general counsel and in corporate development for several ASX, TSX and TSX-V companies and government-owned corporations. Mr Taplin has worked extensively in corporate finance, corporate law and corporate governance both in Australia and internationally. Mr Taplin holds Bachelor of Laws, Master of Business Administration (AGSM), Graduate Diploma of Applied Corporate Governance, Graduate Diploma of Business Management, and is a solicitor, CPA, Chartered Secretary (ACIS and FGIA) and member of the Australian Institute of Company Directors.

Directorships of other Listed Companies

Directorships of other listed companies held by directors in the last 3 years immediately before the end of the financial year are as follows:

Directors	Company	Period of Directorship
Cameron McCall	-	-
David Lenigas	Southern Hemisphere Mining Limited (ASX:SUH)	24 Mar, 2017 – Current
	Artemis Resources Limited (ASX:ARV)	3 Nov, 2016 – Current
	LGC Capital Ltd. (TSX-V: QBA)	13 Jul, 2016 – Current
	Auroch Minerals (ASX:AUO)	7 Nov 2016 – Current
	AfriAg plc (ISDX: AFRI)	30 Jun, 2016 – Current
	Doriemus plc (ISDX: DOR)	27 Jul, 2016 - Current
	Leni Gas Cuba Limited (now subsidiary of LGC Capital Ltd. and no longer listed (ISDX: CUBA))	15 Apr, 2015 – 13 Jul, 2016
	Bacanora Minerals Plc (TSX-V: BCN AIM: BCN)	20 Mar, 2015 – 21 Dec, 2015
	Evoctus Plc (AIM:EVO)	12 Sep, 2014 – 21 Dec, 2015
	Octagonal Plc (AIM: OCT)	5 Jun, 2014 – 30 Jun, 2015
	UK Oil & Gas Investments Plc (AIM: UKOG)	26 Nov, 2013 – 8 Jul, 2015
	Inspirit Energy Holdings Limited (AIM: INSP)	11 Aug, 2013 – 21 Dec, 2015
Alan Phillips	-	-
Joe Phillips	-	-
Earl Evans	-	-

Company Secretary

Ms Nicola Ingram was appointed company secretary on 31 March 2016.

Name, Independence Status and Special Responsibilities	Experience, expertise and qualifications
Ms Nicola Ingram Company Secretary	Ms Ingram has over 7 years' experience working closely with the Board and Management of Macarthur Minerals engaged in all aspects of the Company's corporate governance practices, including Australian and Canadian regulatory and exchange requirements. Ms Ingram holds a Bachelor of International Business, a Graduate Diploma in Applied Corporate Governance and is a Chartered Secretary (ACIS and AGIA).

Principal Activities

Macarthur Minerals is an Australian public company listed in Canada on the TSX-V (symbol: MMS). 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.

There was no change in the nature of the Group's principal activities, being mineral resource exploration and evaluation, during the year.

Dividends

No dividends were paid or recommended for payment during the financial year.

Report on Operations and State of Affairs

OPERATING RESULTS

	Year ended 31 March 2018 $	Year ended 31 March 2017 $
Operating Expenses	**(4,290,054)**	(3,680,500)
Net loss for the year	**(3,389,034)**	(3,874,581)

The Group's consolidated loss for the year ended 31 March, 2018 amounted to $3,389,034 after income tax. As an exploration and evaluation company, the Company will continue to report losses until such time as profit is earned from potential production activities.

Exploration costs expensed in the year totalled $1,486,161 which included $777,861 of iron ore expenditure. Stonewall project costs of $267,349 were also expensed during the year.

FINANCIAL POSITION

Australian $	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Cash and cash equivalents	1,370,288	807,229
Exploration and Evaluation assets	6,204,026	6,000,000
Property, Plant and Equipment	48,873	79,204
Total Assets	7,769,595	7,337,001
Accounts payable and accrued liabilities	443,762	616,200
Total Liabilities	640,522	1,168,652
Net Assets	7,129,073	6,168,349
Net Working Capital[1]	1,036,446	608,465

[1] Excludes warrant liability of $571,660.

At 31 March, 2018 the Group had net assets of $7,129,073 compared to $6,168,349 at 31 March, 2017. The increase is due to equity raised in the year, offset by operating loss.

The Group's cash and cash equivalents balance was $1,370,288 at 31 March, 2018 which was an increase of $563,059 from 31 March, 2017.

The Group's net working capital at 31 March, 2018 was $1,036,446 compared with net working capital of $608,465 at 31 March, 2017.

Report on Operations and State of Affairs (Cont'd)

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

During the year ended 31 March, 2018, the Group raised new equity of $5,802,277.

Management has prepared a budget approved by the Board of Directors, to manage expenditures over the coming twelve months, in order to ensure that the Group has sufficient funds to meet its obligations as they become due, until further funds are raised. As a result, the Group believes these funds and the planned expenditures, until further funds are raised, will enable the Group to meet its obligations and commitments for the foreseeable future. The Group will need to raise further capital.

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

WESTERN AUSTRALIAN IRON ORE PROJECTS

Lake Giles Projects

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

The Lake Giles Projects are situated in the Yilgarn Region of south-western, Western Australia. The Yilgarn Region is a host to many significant mineral deposits that have been or are being mined for iron ore. The tenements cover the Yeriligee greenstone belt which is some 80 km in length and lies within the Southern Cross Province of the Yilgarn.

The Lake Giles Projects are approximately 107 km from the existing Eastern Goldfields Railway (located near the township of Menzies) that has a direct connection to the Port of Esperance in Western Australia, where it is intended that ore from the Projects will be shipped. Export is subject to capacity becoming available, which is not certain.

The Lake GIles Projects comprise of two distinct mineral projects:

1. The Ularring Hematite Project: comprising hematite material ("hematite"), to be marketed as potential direct shipping and/or beneficiated iron ore; and
2. The Moonshine Magnetite Project: comprising magnetite resources ("magnetite"), to be marketed as a beneficiated magnetite concentrate.

Exploration for the Ularring Hematite and Moonshine Magnetite projects has been sufficient to allow the estimation of Mineral Resources for both projects.

The Ularring Hematite Project's Mineral Resources are comprised of Indicated Mineral Resources of approximately 54.5 Mt @ 47.2% Fe and approximately 26Mt @ 45.4% Fe Inferred resources.

The Mineral Resource estimates were prepared by CSA Global on behalf of Macarthur Minerals (N143-101 Technical Report, 2012[1]) and reported in accordance with the JORC Code.

[1] NI 43-101 Technical Report filed 1 October, 2012, titled "NI 43-101 Technical Report, Macarthur Minerals Limited, Pre-Feasibility Study, Ularring Hematite Project, Western Australia."

Report on Operations and State of Affairs (Cont'd)

The Company has received approval to develop an iron ore mine for the Ularring Hematite Project and associated infrastructure at the project location under the Environmental Protection Act 1986 and the Environmental and Biodiversity Conservation Act 1999.

The Inferred Mineral Resource estimate for the Moonshine Magnetite Project was initially prepared by CSA Global Pty Ltd (NI 43-101 Technical Report, 2009[2]) and was updated by Snowden Mining Industry Consultants in 2011 (NI 43-101 Technical Report, 2011[3]). The Moonshine Magnetite Project has an Inferred Mineral Resource consisting of approximately 1,316 Mt @ 30.1% Fe.

A Preliminary Assessment Report was prepared on the Moonshine Magnetite Project by Snowden Mining Industry Consultants in 2011.

<u>Treppo Grande Iron Ore Project</u>

On February 15, 2018, the Company's wholly owned subsidiary, Esperance Iron Ore Export Company Pty Ltd ("EIOEC") (previously Macarthur Midway Pty Ltd), made an application for Exploration Licence E77/2521 for the Treppo Grande Iron Ore Project ("Treppo Grande Project").

The Treppo Grande Project covers an area of 68 km^2 and is located approximately 32 km west of the Lake Giles Projects. The project is also 35km east of current iron ore producer Cliffs' Asia Pacific Iron Ore Operations and in close proximity to established rail infrastructure to the Port of Esperance.

This area has been held by a private exploration company wholly owned by renowned Kalgoorlie Prospector Mel Dalla-Costa for the past 8 years under an Exploration Licence (EL77/1208). During this time, approval was granted for an exploration program of diamond drilling and geophysical mapping. The Mt Manning Project has already benefited from flora and fauna baseline surveys indicating the conservation values of Mt Manning are a lower priority than surrounding BIF ridges. In addition, an ethnographical cultural heritage survey by the Traditional owners has cleared the area for sites of significance.

The Treppo Grande Project was explored in recent years for high grade hematite iron ore mineralisation. Exploration by Kalgoorlie prospector, Mel Dalla-Costa identified three potentially economic styles of Direct Shipping Ore ("DSO") mineralisation including massive dense hematitic ironstones, specular hematite and oxidised 'Indurated Detrital Ironstone'. A drilling programme consisting of two diamond holes have penetrated the hematitic iron stone at the J-Hook prospect. Significant intercepts include 17.5m @ 65.49% Fe from 2.5m from hole MMS002 and 40.4m @ 55.77% Fe from 3.6 m from hole MMS001. The iron-rich mineralisation (> 55% Fe) is centred on the J-Hook prospect that contains occurrences of massive, fissile and specular hematite.

The Company also applied for three new iron ore exploration areas in the Yilgarn region, adding an additional 113 km^2 to the Company's portfolio. Two of these tenements are adjacent to the Mt Jackson and Deception iron ore deposits of Cleveland-Cliffs Inc. The third area is located 35 km west of Macarthur's Ularring Hematite Project.

WESTERN AUSTRALIAN GOLD PROJECTS

<u>Hillside Gold Project</u>

The Hillside Gold Project encompasses Exploration Licence E45/4685, E45/4824, E45/4708 and E45/4709 held by Macarthur Lithium Pty Ltd ("MLi"), a wholly owned subsidiary of Macarthur Minerals and E45/4685 which MLi entered into an option agreement to acquire 100% of the tenement. This group of tenements are located approximately 185 kilometres ("km") South East of Port Hedland and 50 km South West of Marble Bar (the "Hillside Gold Project").

The Hillside Gold Project is highly prospective for gold and copper. The area has previously been explored by various companies for gold, copper, zinc and lead but limited drilling exists.

[2] NI 43-101 Technical Report filed December 17, 2009, titled "NI 43-101 Technical Report on Lake Giles Iron Ore Project: Western Australia."
[3] NI 43-101 Technical Report filed March 25, 2011, titled "Macarthur Minerals Limited: Moonshine and Moonshine North Prospects, Lake Giles Iron Project, Western Australia, NI 43-101 Technical Report – Preliminary Assessment".

Directors' Report
31 March, 2018

Report on Operations and State of Affairs (Cont'd)

These tenements surround the mining lease of the historic Edelwiess gold mine. A limited drilling program consisting of six rotary percussion ("RC") holes conducted by Metana Minerals N.L in 1980 intersected gold mineralisation associated with quartz veins. Gold was recorded in three holes with an average grade of approximately 12 g/t Au and a maximum of 25.83 Au g/t. In addition, sampling along a discontinuous outcropping gossan over a strike of 18 km, showed high potential for copper mineralisation. A total of 20 results yielded above 1,000 ppm Cu to a maximum of 7.8% Cu.

The Company conducted a reconnaissance field trip to the Hillside Gold Project to investigate further the highly anomalous gold results previously reported. This trip confirmed the potential for high grade gold on the Hillside Gold Project.

In late May, an Airborne Electromagnetic survey was flown over the Hillside Gold Project over two areas. The aim of the survey was to define high priority targets from conductors such as clusters of massive sulphide hosted base metal deposits at depth. The survey was conducted using the SkyTEM system with 150m spaced lines. In total the system flew 846 line-kilometers covering approximately 125 km^2. The survey was successful and identified numerous interpreted bedrock conductors including isolated discrete bedrock conductors that correlates with historical gold workings, magnetic anomalies and fault systems. Final interpretation reports are scheduled to be completed end of July 2018 with subsequent field mapping to define drill targets.

The Company acquired 100% interest in Exploration Licence E45/4685 from private prospectors. Under the terms of the Option Agreement:

1. the Company paid $135,000 consisting of $85,000 in cash and $50,000 in shares at 20-day VWAP on January 31, 2018 to purchase E45/4685.
2. the Company paid $15,000 to the prospectors on executing the formal option agreement
3. Sellers retain rights to alluvial gold on E45/4685 excluding gold hosted in conglomerate.

<u>Panorama Gold Project</u>

The Panorama Gold Project encompasses Exploration Licences E45/4732 and E45/4779 held by MLi, covering a total of 265km^2.

The Panorama Gold Project is located 265km south-south-east of Karratha in the Pilbara Region of Western Australia. The project is prospective for lithium and gold hosted within conglomerate. The tenement group contains an extensive area of the Mt Roe Basalt which is the geological member of the Fortescue Group that overlies the conglomerate gold horizon at Artemis Resources Limited's Purdy's Reward Project near Karratha, Western Australia.

Artemis Resources Earn-In

On September 28, 2017 the Company entered into a binding term sheet with ASX listed Artemis Resources Limited ("Artemis") for Artemis to earn-in up to 80% interest in two tenements of the Panorama Gold Project. Artemis has commenced a stream sediment sampling program with a focus on identifying a prospective conglomerate hosted gold horizon.

The terms of the earn-in are as follows:

1. Pay $60,000 for an exclusive option to earn 80% interest in E45/4779 and E45/4732 for 60 days. This amount has been paid.
2. Artemis may exercise the Option by paying the amount of A$170,000 to MLi, which has been paid.
3. Artemis may earn up to an initial 65% interest in E45/4779 and E45/4732 by either expending $1,000,000 on the tenements; or paying MLi $1,000,000 less any expenditure made by Artemis on the tenements, within 3 years from exercise of the option.
4. Artemis may earn up to an additional 15% interest in the tenements by paying MLi $1,000,000 in cash or Artemis shares (based on the 5-day VWAP prior to the issue date), at Artemis's election.
5. On exercise the Option, until the formation of a joint venture, Artemis will be responsible for administration and maintenance of the tenements including minimum annual expenditure requirements.

Report on Operations and State of Affairs (Cont'd)

6. MLi will retain exclusive rights to all rare earth minerals including lithium on the tenements.

Bonnie Scot Tenement

On October 12, 2017 the Company entered into an agreement to acquire 100% of granted exploration license E45/4764 covering an area of 13 km^2 in the Pilbara region of Western Australia ("Bonnie Scot Tenement"). The Bonnie Scot Tenement is immediately adjacent to the Company's Panorama Gold Project.

In May 2018, the Company completed a stream sediment sampling program across the tenement. During the geochemical survey a total of 45 samples were collected from selected drainage courses confirming several anomalous sediment values ranging from 13 ppb to 113 ppb Gold. This area was previously identified from historical rock chip sampling program with values of up to 3.5 g/t Au.

Tenement E45/4764 is located approximately 42 km west-southwest of Marble Bar and 265 km east-south-east of Karratha, in the Pilbara region of Western Australia. Geological Survey of Western Australia (GSWA) mapping across the tenement shows areas of the Mt Roe Basalt which is known to overlie the conglomerate gold horizon at Artemis' Purdy's Reward. Beds of auriferous (gold containing) conglomerate up to 2 m thick at the base of the Mt Roe Basalt have been worked at the Just-In-Time and Tassy Queen mines located within 10 km of Macarthur Minerals' tenements and in close proximity to ground held by Novo Resources Limited and Creasy Group[4].

The key terms of the Option Agreement with a private prospector to purchase 100% interest in the tenement were as follows:

- The Company paid a non-refundable payment of $2,000 upon entry into the Option Agreement;
- Upon exercising the Option, and the Company paid $6,000 in a lump sum cash payment; and $15,000 in shares in the Company, at a deemed price based on the VWAP for the 5 Trading Days preceding the exercise of the option.

WESTERN AUSTRALIAN NICKEL AND COBALT PROJECTS

The Company has identified two areas prospective for sulphide hosted base metal deposits based on historical drill results at the Snark and Moonshine prospects, located on the Company's Lake Giles Projects.

The Snark prospect is considered to be a highly favourable tectonic and structural setting and is well supported by surface geology featuring volcanic sequences comprising of high-mg basalts and Kambalda type komatiitic ultramafic flows of which nickel-sulfide ore bodies are hosted. In February 2018 a reconnaissance trip to the area discovered surface rock samples containing the cobalt mineral asbolite with assays reporting up to 2.6% cobalt and 2.0% nickel.

The Moonshine prospect has also been identified as prospective for nickel sulphide deposits from previous drilling. Anomalous nickel values including 0.9% Ni from 10.5 metres to 22 metres including 1 meter at 1.4% nickel were detected within the first 30 meters of a 2012 diamond drill hole. Anomalous cobalt averaging 0.13% was also discovered from 18.5 to 22m.

Exploration for nickel and cobalt at Lake Giles moved to the next stage of exploration by completing Moving Loop Electromagnetic ("MLEM") and Fixed-Loop Electromagnetic ("FLEM") surveys across three prospect areas: Moonshine, Snark and Clark Hill. The program targeted areas where elevated nickel has been identified in surface geochemical sampling and intersected by drilling.

Preliminary interpretation of the MLEM and FLEM survey identified two distinct bedrock conductors at Moonshine and two bedrock conductors at Snark. Further interpretation is underway. The widespread Nickel, Cobalt and Magnesium Oxide correlations across the Lake Giles tenement package is a good indication of komatiite structures being present. These structures can often host nickel-copper sulphide mineralisation such as the Kambalda type komatiitic nickel ore deposits.

[4] Geology of the Fortescue Group, Pilbara Craton, Western Australia. Western Australia Geological Survey, Bulletin 144

Report on Operations and State of Affairs (Cont'd)

WESTERN AUSTRALIAN LITHIUM PROJECTS

Macarthur Minerals has 16 Exploration Licenses and 1 Exploration License Application in the Pilbara covering a total area of approximately 1,328km^2.

Tambourah Lithium Project

The Tambourah Lithium Project consists of Exploration Licence Application E45/4848 and is located approximately 200 km southeast of Port Hedland and 80 km southwest of Marble Bar in the Pilbara region of Western Australia. Assays received from rock chip sampling returned very promising results of up to 1.47% lithium (Li_2O), confirming the presence of lithium bearing pegmatites.

Marble Bar Lithium Joint Venture

On May 2, 2017, Macarthur Minerals and Southern Hemisphere Mining Ltd (ASX: SUH) ("SUH"), through a 50:50 joint venture entered into a Memorandum of Understanding with Great Sandy Pty Ltd to acquire the Marble Bar Lithium Project and Pippingarra Lithium Tantalite Project in the Pilbara region of Western Australia. Following due diligence, Macarthur Minerals and SUH decided not to acquire the Marble Bar Lithium Project and Pippingarra Lithium Tantalite Project.

Yalgoo Lithium Project

As part of the settlement between the Company and Mining and Metallurgy Process Solutions Pty Ltd ("MMPS") (refer to MLi v MMPS in Corporate Update below), MLi will receive 5% of gross sale proceeds for lithium rights, if Yalgoo Exploration Pty Ltd sells the rights to lithium within 2 years. Yalgoo Exploration owns two granted exploration licences (E59/2077 and E59/2140), covering an area of 191 km^2 (47,161 acres) in the Murchison region of Western Australia.

Western Australian Lithium Projects Next Steps

The Company is focussed on the exploration of high quality lithium projects. The Company is currently evaluating its tenure and commencing discussions with various third parties concerning potential joint ventures to maximise the exploration effort throughout 2018.

NEVADA BRINE LITHIUM PROJECT

Reynolds Springs Lithium Brine Project

The Reynolds Springs lithium brine project consists of 210 new unpatented placer mining claims covering an area of 7 square miles (18 km^2) located in Railroad Valley, near the town of Currant, in Nye County, Nevada ("Reynolds Springs Project") The Reynolds Springs Project is located approximately 180 miles (300 km) North of Las Vegas, Nevada, and 330 miles (531 km) South East of Tesla's new Gigafactory, which has a planned production capacity of 35 gigawatt-hours per year by 2020.

A total of 206 soil samples were collected across the full extent of the Reynolds Springs Project. Lithium values in the soil samples ranged from a low of 39.3 ppm to a high of 405 ppm Li. Samples were consistently high averaging 168.3 ppm Li with 85% of samples recording over 100 ppm Li and 19% greater than 200 ppm Li.

These results are considered high in comparison to the majority of non-lithium producing playas and amongst the highest we have seen outside of the Clayton Valley.

In 2017 the Company completed an assessment of downhole geophysical logs for 12 – 15 abandoned oil and gas wells that are found both within (5 wells) and in the near vicinity of the project. Several zones of high conductivity were identified that are indicative of brine aquifers. The Company is now considering obtaining a permit to either re-enter one or more of the old wells or to drill new test wells or both.

The Company also made an application to secure water rights for the project and is waiting on allocation.

Report on Operations and State of Affairs (Cont'd)

Stonewall Project

On October 20, 2016, Macarthur Minerals, through its wholly owned US subsidiary, Macarthur Lithium Nevada Limited, entered into an Assignment Agreement with Voltaic Minerals Corp. (TSX-V: VLT, FSE: 2P61) ("Voltaic") to acquire the Stonewall Lithium Project ("Stonewall Project") which covers an area of approximately 12,019 acres (48.64 km^2) and most of the playa in Nevada's Lida Valley Basin.

The key terms of the Assignment Agreement were:

- 2 million ordinary shares of Macarthur Minerals to Voltaic at CAD$0.10 per share, which were issued on October 20, 2016; and
- 1 million ordinary shares of Macarthur Minerals to Voltaic at CAD$0.07 per share, which were issued on July 13, 2017.

An immediately adjacent tenement holder recently drilled two exploration holes ~ 2 km to the immediate south of the Stonewall Project claims. These two bores encountered only fresh water instead of the expected brines. Upon review of these results and on the advice of Macarthur Minerals' consulting geologist, the Company did not renew the Stonewall Project claims as of October 5, 2017.

CORPORATE UPDATE

Legal Proceedings

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

On January 20, 2016 the Company was served with a Claim in the Supreme Court of Queensland commenced by Mr Charles Chan, Mr Victor Chan (who are associated with a shareholder of the Company) and Mr Edward Kwok ("FSDC Directors' Claim"). The FSDC Directors are yet to file their amended pleadings, as per the judgment delivered by Bond J on March 1, 2017. The FSDC Directors cannot continue its action without first applying for leave of the Court. The FSDC Directors were also ordered to pay costs which are currently being assessed.

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

MLi v. Mining and Metallurgy Process Solutions Pty Ltd ("MMPS")

The Company settled its proceedings in the Supreme Court of Western Australia against MMPS regarding the first right of refusal granted to MLi in respect of the shares in Yalgoo Exploration under the Mineral Rights Deed[5] between MLi and Yalgoo Exploration ("MMPS Proceedings"). MMPS owns 100% of Yalgoo Exploration.

The MMPS Proceedings, on the following key terms:

- MLi and MMPS enter into a Shareholders Agreement for Yalgoo Exploration whereby MLi be issued 15% of the issued capital of Yalgoo Exploration, which is a non-contributing interest and cannot be diluted until after there is a decision to mine.
- MLi, MMPS and Yalgoo Exploration have agreed to terminate the Mineral Rights Deed at no cost to MLi, so that Yalgoo Exploration owns all minerals on the Yalgoo Tenements.
- MMPS to pay MLi $100,000 within 5 days of execution of Shareholders Agreement and satisfaction of conditions precedent, unless waived by the party for who it benefits.

On November 16, 2017 MLi agreed to be paid a further $200,000 for its 15% of the issued capital of Yalgoo Exploration by November 30, 2017. MLi will also receive 5% of gross sale proceeds for lithium rights, if Yalgoo Exploration's rights to lithium are sold within 2 years.

[5] Refer to the Company's news releases dated August 15, 2016 and October 12, 2016.

Directors' Report
31 March, 2018

Report on Operations and State of Affairs (Cont'd)

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

On March 3, 2017, the prospectus was lodged with Australian Securities and Investment Commission ("ASIC") in relation to Macarthur Australia Limited's ("Macarthur Australia") Australian Securities Exchange ("ASX") Initial Public Offering ("IPO"). The IPO was for the issue of up to 50 million shares in Macarthur Australia at an issue price of $0.20 per share to raise up to $10 million.

The minimum raise was for 25 million shares for $5 million. Lodgement of the prospectus with ASIC and ASX for listing Macarthur Australia on the ASX followed the successful oversubscribed seed capital raising for $1.5 million. On July 5, 2017, Macarthur Australia withdrew its prospectus for ASX IPO due to poor market conditions.

Non-brokered Private Placement July 2017 and Reacquisition of Macarthur Australia

On July 7, 2017 the Company announced a non-brokered private placement (the "Offering") of up to 50,000,000 units (each, a "Unit") at a price of C$0.05 per Unit for a total consideration of C$2.5 million. Each Unit comprised of one common share in the capital of the Company and one whole warrant to acquire a common share at an exercise price of C$0.06 per Common Share exercisable until February 16, 2018. The expiry of the warrants was extended until March 28, 2018.

On July 26, 2017, the Company closed Tranche 1 of the Offering, having received subscriptions for 34,907,782 Units for total consideration of C$1,745,389 from Macarthur Australia seed investors and some applicants for the withdrawn ASX IPO.

On August 21 and August 24, 2017, the Company closed Tranche 2 of the Offering, having issued a further 1,746,376 Units and 830,110 shares for a total of C$137,125 under the Offering.

On September 12, 2017 the Company closed Tranche 3 of the Offering, having received subscriptions for C$226,591 for 4,491,139 Units.

Under Tranches 1, 2 and 3 the Company issued 41,145,297 Units and 830,110 shares for total subscriptions of approximately $2,107,072.

The Macarthur Australia Limited seed investors have all subscribed in the Offering, in consideration for the shares they hold in Macarthur Australia to Macarthur Minerals. The Company now holds 100% interest in Macarthur Australia.

Board Changes and Executive Consultancy Agreements

On October 11, 2017 Mr Joe Phillips was appointed as an executive director to the Board and on October 24, 2017 was appointed as Joint CEO.

On October 17, 2017 Mr Cameron McCall was appointed as Executive Chairman of the Board.

On February 5, 2018, Mr David Taplin resigned as Joint-CEO and Director and Mr Earl Evans was appointed as Non-Executive Director.

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

Mr McCall and Mr Phillips are retained on consultancy contracts with a cash salary of $120,000 per annum, in addition to share based compensation as detailed in Share Based Compensation.

Rights Offering

On October 23, 2017 the Company announced that it will be offering rights ("Rights") to holders of its common shares ("Common Shares"), on the basis of one right for each common share held (the "Rights Offering"). Six (6) Rights entitled the holder to subscribe for 1 unit at a subscription price of C$0.06 per unit ("Unit"). The Rights Offering closed on December 12, 2017, where by Macarthur Minerals issued 31,712,730 Units for gross proceeds of C$1,902,764.

Report on Operations and State of Affairs (Cont'd)

Each whole Unit consisted of one Common Share and one Common Share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to acquire one Common Share for C$0.20 for a term of 12 months from the date of issue of the Unit. In the event that the closing sale price of the Company's Common Shares on the TSX Venture Exchange is greater than C$0.20 per share for a period of 20 consecutive trading days at any time after closing of the Rights Offering, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof and in such case the Warrants will expire on the 20th day after the date on which such notice is given by the Company.

In connection with the Rights Offering, the Company entered into a standby guarantee agreement for the full Rights Offering of approximately C$1.9 million with Orbit Drilling Pty Ltd. At close, Orbit Drilling Pty Ltd acquired an aggregate of 7,335,274 Units.

The net proceeds of the Rights Offering will be used to analyse the potential for lithium and gold on its acreage, pay care and maintenance costs on Macarthur Minerals' existing acreage and for ongoing working capital.

A total of 102,500,441 shares of the Company were issued during the year (including the Rights Offering) to raise $5,802,277.

Warrants

During the year end March 31, 2018, 72,858,027 warrants were issued, in connection with the 2017 Private Placement and Rights Offering and 22,892,317 warrants were exercised raising $1,307,678. 25,752,980 warrants expired in the year.

Share Based Compensation

On November 28, 2017, pursuant to the Company's Share Compensation Plan ("Plan"), the Company granted a total of 2,352,942 Bonus Shares to Cameron McCall and Joe Phillips at a deemed price of C$0.085 per share, being the closing share price per Common Share on the TSX-V on the trading day immediately preceding the day on which the Bonus Shares were issued.

On November 28, 2017, Cameron McCall and Joe Phillips were also issued 4,705,882 restricted share units ("RSUs") at a deemed price of C$0.075 per share, being the closing share price per Common Share on the TSX-V on the trading day immediately preceding the day on which the RSU's are to be issued. The RSU's vest upon the closing share price of the Company's shares on the TSX-V being greater than C$0.20 for 20 consecutive trading days.

On January 24, 2018 pursuant to the Plan, the Company granted 2,000,000 options to a consultant at C$0.065 per option. The options vest immediately and expire three years from the date of grant.

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

On February 20, 2018 the Company also granted an aggregate of 800,000 restricted share units ("RSUs") pursuant to the Plans, of which 500,000 were granted to directors of the Company, and the remaining options granted to employees and consultants. The RSUs vest in the event that the closing share price of the Company's shares on the TSX Venture Exchange is greater than C$0.20 for 20 consecutive trading days.

On February 20, 2018 the Company also granted a total of 1,500,000 bonus shares ("Bonus Shares") to Mr Evans, Non-Executive Director. The Bonus Shares have a deemed price of C$0.06 per share and were issued pursuant to the Plan.

On February 26, 2018 the Company granted 2,000,000 options to a consultant at C$0.065 per option. The options vest immediately and expire three years from the date of grant.

Likely future developments and expected results

Other than matters mentioned above, likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group. Business risk associated with future plans relate to the ability to successfully identify a resource and develop the Company's projects.

Environmental Regulations

The Group currently conducts exploration and evaluation activities in Australia and Nevada, USA. The Group's operations in Australia are subject to significant environmental regulation under the law of the Commonwealth and the State of Western Australia. During the year the Group met all reporting requirements under the relevant legislation. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates, including Nevada, USA. Environmental legislation is evolving in a manner which requires stricter standard enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

The Company is currently engaged in exploration and evaluation with minimal environmental impact. The Company aims to ensure a high standard of environmental care is achieved, and as a minimum, to comply with relevant environmental regulations. There have been no known material breaches of any of the environmental conditions

Shares under Option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date Option Granted	Expiry Date	Issue Price of Shares (CAD$)	Number under option
2 Sept 2015	1 Sept 2018	0.05	1,620,000
14 Apr 2016	13 Apr 2019	0.05	1,330,000
11 Jul 2016	10 Jul 2019	0.0525	3,540,000
22 Sep 2016	21 Sep 2019	0.06	12,637,009
20 Feb 2018	19 Feb 2021	0.055	4,300,000
26 Feb 2018	25 Feb 2021	0.065	2,000,000
			25,427,009

No option holder has any right expect under the Plans to participate in any other share issue of the Company or of any entity of the Group, or any other entity.

Shares issued on the exercise of options

No options were exercised during the year ended 31 March 2018.

Since year end and up to the date of this report no options were exercised.

Shares under Restricted Share Units

Unissued ordinary shares of the Company under Restricted Share Units at the date of this report are as follows:

Date RSU Granted	Expiry Date	Number of RSUs
28 Nov 2017	27 Nov 2020	4,705,882
28 Feb 2018	28 Feb 2021	800,000
		5,505,882

All RSUs vest upon the closing share price of the Company's shares on the TSX-V being greater than C$0.20 for 20 consecutive trading days

No RSU holder has any right except under the Plans to participate in any other share issue of the Company or of any entity of the Group, or any other entity.

Shares issued on the vesting of RSUs

No RSUs vested during the year ended 31 March 2018.

Since year end and up to the date of this report no RSUs vested.

Shares under Warrants

Unissued ordinary shares of the Company held under warrants at the date of this report are as follows:

Date Granted	Expiry Date	Issue Price of Shares (CAD$)	Number held under warrants
15 Dec 2017	15 Dec 2018	0.20	31,712,730
			31,712,730

Shares issued on the exercise of warrants

Ordinary shares of the Company were issued on the exercise of 22,892,317 warrants during the year ended 31 March, 2018. 72,858,027 warrants were granted in the year, and 25,752,980 expired.

Since year end and up to the date of this report no warrants were exercised.

Information on Directors

Particulars of directors' interests in shares, options and warrants of the Company, as at the date of this report:

Director	Ordinary Shares	Options	RSUs	Warrants
C McCall	3,509,804	3,720,000	2,352,941	-
A S Phillips	-	3,131,083	-	-
D Lenigas	-	4,000,000	250,000	-
J Phillips	3,138,775	2,000,000	2,352,941	-
E Evans	1,500,000	-	250,000	-

Meeting of Directors

The number of meetings of the Company's board of directors held during the year ended 31 March, 2018, and the number of meetings attended by each director were:

	Number of Board Meetings Attended	Number Eligible
C McCall	5	6
A S Phillips	6	6
D Lenigas	3	6
J Phillips (appointed 11 Oct 2017)	2	2
E Evans (appointed 5 Feb 2018)	1	1
D Taplin (resigned 5 Feb 2018)	5	5

The number of meetings of the Company's Audit Committee held during the year ended 31 March, 2018, and the number of meetings attended by each member were:

	Number of Audit Committee Meetings Attended	Number Eligible
C McCall	3	4
D Lenigas, Chairman of Audit Committee	2	4
E Evans (appointed 5 Feb 2018)	1	1
D Taplin (resigned 5 Feb 2018)	3	3

Insurance and Indemnification of Officers

Insurance Premiums

During the financial year, the Company paid premiums of $159,803 to insure the directors, officers and employees ("D&O Insurance") of the Company and its Australian based controlled entities. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against persons in their capacity as directors, officers and employees of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnification

The Company has provided an indemnity for each director to the maximum extent permitted by law, against any liability for legal costs incurred in respect of a liability incurred by them, by virtue of their holding office as and acting in the capacity of, an officer of the Company, except where the liability arises out of conduct involving lack of good faith.

Pursuant to an indemnity within the constitution and Deeds of Indemnity entered into with the directors and officers of the Company, the Company is indemnifying the respondent directors and officers for the reasonable legal costs of defending an action against them (subject to certain restrictions, including restrictions contained in the *Corporations Act 2001* (Cth)). The respondent directors have made claims against the Company's D&O Insurance policy and have instructed independent lawyers to act for them. The insurer has confirmed coverage of defence costs under the policy.

To date the Company has paid $104,263 to cover indemnity costs not covered under the Company's D&O Insurance policy, and includes $25,000 excess fee.

Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the *Corporations Act 2001(Cth)* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of the proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001(Cth)*.

Non-audit Services

Details of non-audit services are found in Note 23 of the Financial Statements.

A copy of the Nexia Brisbane's independence declaration is required under section 307C of the *Corporations Act 2001(Cth)* and is set out on page 16.

Auditor

Nexia Brisbane were appointed auditors in 2015 in accordance with section 327B of the *Corporations Act 2001 (Cth).*

Signed in accordance with a resolution of directors.

Cameron McCall
Executive Chairman

Brisbane
25 July, 2018

Nexia Australia

Auditor's Independence Declaration

Under Section 307C of the *Corporations Act 2001*

To the Directors of Macarthur Minerals Limited

As lead auditor for the audit of Macarthur Minerals Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2018 there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

This declaration is made in respect of Macarthur Minerals Limited and the entities it controlled during the year.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Nigel Bamford

N D Bamford
Director

Date: 25 July 2018

Nexia Brisbane Audit Pty Ltd
Registered Audit Company 299289
Level 28, 10 Eagle Street
Brisbane QLD 4000
GPO Box 1189
Brisbane QLD 4001
p +61 7 3229 2022
f +61 7 3229 3277
e email@nexiabrisbane.com.au
w nexia.com.au

Financial Report - 31 March, 2018

Contents

Financial report	Page
Statement of profit or loss and other comprehensive income	18
Statement of financial position	19
Statement of changes in equity	20
Statement of cash flows	21
Notes to the financial statements	22
Directors' declaration	58
Independent auditor's report to the members	59

This financial report covers the consolidated financial statements for the consolidated entity consisting of Macarthur Minerals Limited (the "Company") and its subsidiaries (referred to hereafter as the "Group" or "consolidated entity"). The financial report is presented in the Australian currency unless stated otherwise.

The financial report was authorised for issue by the directors on 25 July, 2018. The directors have the power to amend and reissue the financial report.

Macarthur Minerals Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March, 2018

	Notes	Consolidated 2018 $	2017 $
EXPENSES			
Depreciation	6(a)	**(33,952)**	(35,982)
Impairment expense	6(b)	**-**	-
Investor relations		**(108,967)**	(21,182)
Office and general expense	6(g)	**(1,704,733)**	(1,490,222)
Personnel costs	6(c)	**(1,274,148)**	(1,052,277)
Professional fees	6(d)	**(606,451)**	(355,414)
Rent		**(119,689)**	(140,880)
Share based compensation	6(c)	**(112,063)**	(177,436)
Share Registry, filing and listing fees		**(128,429)**	(146,715)
Travel and accommodation		**(201,622)**	(260,392)
Total administrative expenses		**(4,290,054)**	(3,680,500)
OTHER REVENUE (EXPENSES)			
Interest Income	6(e)	**9,043**	3,142
Other income (Cost Recoveries)	6(f)	**530,000**	98,321
Net other income/(expenses)		**-**	1,816
Change in fair value of warrant liability	6(i)	**361,977**	(297,360)
Net loss before income tax		**(3,389,034)**	(3,874,581)
Income tax expense	7	**-**	-
Net loss for the year		**(3,389,034)**	(3,874,581)
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income/(loss) for the year		**(3,389,034)**	(3,874,581)
Attributable to:			
Members of the parent entity		**(3,389,034)**	(3,825,495)
Non-controlling interest		**-**	(49,086)
		(3,389,034)	(3,874,581)
Basic loss per ordinary share	8	**(0.02)**	(0.03)
Diluted loss per ordinary share	8	**(0.02)**	(0.03)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
As at 31 March, 2018

	Notes	Consolidated 2018 $	Consolidated 2017 $
ASSETS			
Current assets			
Cash and cash equivalents	9	**1,370,288**	807,229
Other receivables	10	**79,908**	153,434
Other assets	11	**66,500**	297,134
Total Current Assets		**1,516,696**	1,257,797
Non-current Assets			
Property, plant and equipment	12	**48,873**	79,204
Exploration and evaluation assets	13	**6,204,026**	6,000,000
Total Non-current Assets		**6,252,899**	6,079,204
TOTAL ASSETS		**7,769,595**	7,337,001
LIABILITIES			
Current liabilities			
Trade and other payables	14	**443,762**	616,200
Provisions	15	**36,488**	33,132
Warrants liability	17	**146,486**	508,463
Total Current Liabilities		**626,736**	1,157,795
Non-current Liabilities			
Trade and other payables	14	**-**	-
Employee benefits	15	**13,786**	10,857
Total Non-current Liabilities		**13,786**	10,857
TOTAL LIABILITIES		**640,522**	1,168,652
NET ASSETS		**7,129,073**	6,168,349
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	16(a)	**98,702,139**	92,996,404
Accumulated losses		**(102,143,249)**	(98,705,129)
Reserves	16(b)	**10,570,183**	10,458,120
		7,129,073	4,749,395
Non-controlling interests Contributed Equity		**-**	1,418,954
TOTAL EQUITY		**7,129,073**	6,168,349

The accompanying notes form part of these financial statements.

Macarthur Minerals Limited

Consolidated Statement of Changes in Equity
For the year ended 31 March, 2018

	Contributed Equity $	Reserves $	Accumulated Losses $	Non Controlling Interests $	Total Equity $
Balance 1 April, 2016	90,353,947	10,280,684	(94,879,634)	-	5,754,997
Profit (Loss) for the year	-	-	(3,825,495)	(49,086)	(3,874,581)
Transactions with owners in their capacity as owners:					
Share- based compensation	-	177,436	-	-	177,436
Recognition of non-controlling interests[1]	-	-	-	1,528,040	1,528,040
Shares issued[1]	2,656,327	-	-	-	2,656,327
Share issue costs[1]	(13,870)	-	-	(60,000)	(73,870)
	2,642,457	177,436	(3,825,495)	1,468,040	413,352
Balance at 31 March, 2017	**92,996,404**	**10,458,120**	**(98,705,129)**	**1,418,954**	**6,168,349**
Balance 1 April, 2017	**92,996,404**	**10,458,120**	**(98,705,129)**	**1,418,954**	**6,168,349**
Profit (Loss) for the year	-	-	(3,389,034)	-	(3,389,034)
Transactions with owners in their capacity as owners:					
Share- based compensation	-	112,063	-	-	112,063
Derecognition of non-controlling interests[2]	-	-	(49,086)	(1,418,954)	(1,468,040)
Shares issued[1]	5,802,277	-	-	-	5,802,277
Share issue costs[1]	(96,542)	-	-	-	(96,542)
	5,705,735	112,063	(3,438,120)	(1,418,954)	960,724
Balance at 31 March, 2018	**98,702,139**	**10,570,183**	**(102,143,249)**	**-**	**7,129,073**

[1] Refer to Note 16.
[2] Refer to Note 21.

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the year ended 31 March, 2018

	Notes	Consolidated 2018 $	2017 $
Cash flows from operating activities			
Payments to suppliers and employees		**(3,415,997)**	(3,462,663)
Interest received		**9,043**	3,142
Other revenue		**530,000**	98,321
Interest paid		**(8,768)**	(9,181)
Net cash flows used in operating activities	9	**(2,885,722)**	(3,370,381)
Cash flows from investing activities			
Plant and equipment purchases	12	**(3,621)**	(6,504)
Plant and equipment proceeds		**-**	1,816
Exploration and evaluation expenditure	13	**(139,110)**	-
Net cash flows used in investing activities		**(142,731)**	(4,688)
Cash flows from financing activities			
Proceeds from share issues (parent company)		**3,628,054**	2,460,287
Proceeds from share issues (non controlling interests)		**-**	1,468,040
Share issue and placement costs		**(36,542)**	(13,870)
Net cash flows from financing activities		**3,591,512**	3,914,457
Net decrease/increase in cash and cash equivalents		**563,059**	539,388
Cash and cash equivalents at beginning of period		**807,229**	267,841
Cash and cash equivalents at end of period	9	**1,370,288**	807,229

The accompanying notes form part of these financial statements.

Macarthur Minerals Limited
Notes to Financial Statements – 31 March, 2018

Note 1: Company Information

Macarthur Minerals is an Australian public company listed in Canada on the TSX Venture Exchange ("TSX-V") (symbol: MMS). 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 2018, the Company has the following subsidiaries:

- 100% of Macarthur Australia Limited, which holds the following 100% subsidiaries:
  - 100% of Macarthur Lithium Pty Ltd ("MLi") which holds the Macarthur Lithium Projects;
  - 100% of Macarthur Iron Ore Pty Ltd ("Macarthur Iron Ore" or "MIO") which owns the 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.

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

The financial statements were authorised for issue on 25 July, 2018 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 controlled entities. Refer to Note 21 for details of controlled entities.

a) Basis of preparation

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

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

Except for cash flow information, the financial report has been prepared on an accruals 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.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

b) *Going concern*

This financial report has been prepared on a going concern basis which assumes that the Group will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future.

During the year the consolidated entity incurred a net loss of $3,389,034. The Company's cash and cash equivalents balance at the reporting date is $1,370,288.

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

b) Going concern (cont'd)

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

During the year ended 31 March, 2018, the Group raised new equity of $5,802,277.

The Group has prepared a business plan to manage operations and expenditures over the coming twelve months, in order to ensure that the Group has sufficient funds to meet its obligations as they become due. The business plan includes raising further capital for which no commitments currently exist, but of which the Group is confident will be achieved.

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

c) Principles of consolidation

(i) Subsidiaries

The consolidated financial report incorporates the assets, liabilities and results of the Company and all subsidiaries controlled by the Company. Refer to Note 21 for details on subsidiaries.

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 Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group 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 Group.

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

Equity interest in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interest". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position.

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

d) Mineral exploration and evaluation assets

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

(i) Exploration and evaluation properties

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

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

All other exploration and evaluation expenditure is expensed as incurred. Exploration and evaluation expenditure previously capitalised but which no longer satisfies the above policy is impaired and expensed to the Statement of Profit or Loss and Other Comprehensive Income.

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) Property, plant and equipment

Property, 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit and loss and other comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated as follows:

Plant & Equipment	5% to 33.33% Prime Cost Method
	22.5% Diminishing Value Method
Office Equipment	10% to 33.33% Prime Cost Method
	37.5% Diminishing Value Method
Motor Vehicles	20% to 25% Prime Cost Method

The asset's residual values and useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

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

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

e) Property, plant and equipment (cont'd)

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of profit or loss and other comprehensive income.

f) Impairment of assets

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

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

g) Financial Instruments

(i) Recognition

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

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

(ii) Subsequent measurement

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

Amortised cost is calculated as:

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

(ii) Loans and receivables

Loans and receivables are carried at amortised cost using the effective interest method.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturity greater than 12 months after the balance sheet date which are classified as non-current assets.

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

g) Financial Instruments (cont'd)

(iii) Financial liabilities

Financial liabilities are initially recognised at fair value. Financial liabilities are subsequently measured at amortised cost.

Financial liabilities are classified as current liabilities when it is due to be settled within twelve months after reporting date and the Group does not have an unconditional right to defer settlement of the liability for at least 12 months.

(iv) Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(v) De-recognition

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

h) Cash and cash equivalents

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

i) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group'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 functional and presentation currency.

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 statement of profit or loss and other comprehensive income, except when they are deferred in equity as qualifying cash flow or net investment hedge.

j) Segment Reporting

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

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

k) Trade and other payables

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

l) Leases

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

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

Operating lease payments, where substantially all the risks and benefits remain with the lessor, are recognised as an operating expense in the statement of profit or loss and other comprehensive income over the lease term.

m) Provisions

Provisions are recognised when the Group 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 balance sheet date.

n) Employee benefits

(i) Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

(ii) Other long term employee benefits

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

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

Macarthur Minerals Limited
Notes to Financial Statements – 31 March, 2018

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

n) Employee benefits (cont'd)

(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. 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 Black-Scholes 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.

o) Provision for closure and restoration

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

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

p) Goods and services tax

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

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

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

q) Income tax

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

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

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

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)

q) Income tax (cont'd)

(i) Deferred Tax Balances

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

(ii) Tax consolidation legislation

Entities in the Group have formed, where eligible, tax consolidated groups. As a consequence, all members of the tax-consolidated group are taxed as a single entity. During the current year, changes in Group structure resulted in changes to tax consolidated groups.

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

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances, rebates and taxes. All revenue is stated net of GST.

The Group recognises revenue when the amount of revenue can be readily measured, it is probable that future economic benefit will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

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

u) 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. 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 Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

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

u) Critical accounting estimates and judgements (cont'd)

(i) Exploration and Evaluation Expenditure (Note 13)

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 Group considers whether the realisation of deferred tax assets is probable in determining whether or not to recognise these deferred tax assets, as set out in Note 7.

(iii) *Going concern basis*

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

(iv) Share-based payment transactions

The Company measures the costs of equity-settled transactions with directors, officers, employees and consultants by reference to the fair values of the equity instrument. The fair value of equity-settled transactions is determined using the relevant Black-Scholes model as measured on the grant date. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the equity, and the estimated forfeiture rate for market based vesting conditions. During the reporting period the amount of $112,063 has been shown as share-based compensation.

v) Fair Value Measurement

There are no assets or liabilities measured at fair value on a recurring basis after initial recognition, other than the warrant liability (Note 17). For financial assets and liabilities their fair values approximate carrying values due to their short term nature. In the current year the Group's exploration and evaluation assets, and plant and equipment have been measured at recoverable value (fair value). See Notes 12 and 13.

w) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB relevant and material to the Group but are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements, are discussed below:

– *AASB 9: Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  It is not expected to have a significant impact on the Group's financial statements.

Note 3: Parent Information

The accounting policies of the parent entity, which have been applied in determining the financial information below, are the same as those applied in the consolidated financial statements. Refer to Note 2 for a summary of the significant accounting policies relating to the Group.

Statement of Financial Position	2018 $	2017 $
ASSETS		
Current Assets	**1,463,451**	392,881
Non-Current Assets	**6,124,978**	6,575,990
Total Assets	**7,588,429**	6,968,871
LIABILITIES		
Current Liabilities	**445,570**	789,665
Non-Current Liabilities	**13,786**	10,857
Total Liabilities	**459,356**	800,522
EQUITY		
Issued Capital	**98,702,139**	93,007,957
Retained Earnings	**(94,828,360)**	(89,982,839)
Reserves		
Foreign Exchange Translation Reserve	**258,972**	258,972
Option reserve	**2,996,322**	2,884,259
TOTAL EQUITY	**7,129,073**	6,168,349
STATEMENT OF COMPREHENSIVE INCOME		
Profit/(loss) for the year	**(4,845,521)**	(2,418,093)
Total comprehensive income	**(4,845,521)**	(2,418,093)

Contingent liabilities of the parent entity

Contingent liabilities exist in relation to proceedings involving LPD Holdings (Aust) Pty Ltd ("LPD") and Chan, Chan and Kwok v. Macarthur Minerals Limited and Ors. ("FSDC Directors' Claim") the details of which are contained in Note 25.

Contractual commitments for the acquisition of property, plant and equipment by the parent entity

At 31 March, 2018, Macarthur Minerals Limited has not entered into any contractual commitments for the acquisition of property, plant and equipment (2017: Nil).

Macarthur Minerals Limited
Notes to Financial Statements – 31 March, 2018

Note 4: Financial risk management

Financial risk factors

The Group's principal financial instruments are cash, the main purpose of which is to fund the Group's operations. The Group has various other financial assets and liabilities such as security deposits, other receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group'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.

	Note	Consolidated Carrying Amount 2018 $	2017 $
Financial assets			
Cash and cash equivalents	9	**1,370,288**	807,229
Loans and receivables			
Other receivables	10	**79,908**	153,434
Security Deposits	11	**66,500**	92,106
		146,408	245,540
Total financial assets		**1,516,696**	1,052,769
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	14	**443,762**	616,200
Total financial liabilities		**443,762**	616,200

Carrying amounts equal to fair value due to short term nature of these items,

a) Credit risk

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

The Group 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 Group's exposure to bad debts is not significant.

Exposure to credit risk

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

	Consolidated Carrying Amount 2018 $	2017 $
CONSOLIDATED		
Financial assets		
Cash and cash equivalents	**1,370,288**	807,229
Other receivables	**79,908**	153,434
Security Deposits	**66,500**	92,106
	1,516,696	1,052,769

All financial assets are Australian based, except for a Canadian denominated cash balance. Refer to Note 4(d).

Note 4: Financial risk management (cont'd)

b) Liquidity risk

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

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

The Group has limited financial resources and there is no assurance that additional funding will be available to allow the Group to acquire, explore and develop mineral properties. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration or evaluation. The Group may, in the future, be unable to meet its obligations under agreements to which it is a party and the Group may consequently have its interest in the properties subject to such agreements jeopardized. Furthermore, if other parties to such agreements do not meet their share of such costs, the Group may be unable to finance the cost required to complete recommended programs.

The Group 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 any future development of mineral properties, further acquisitions, undertake exploration and meet general and administrative expenses in the immediate and long term. There can be no assurance that the Group will be successful in raising its required financing.

The Company believes that it has sufficient funds to meet its obligations for the foreseeable future (see also Note 2(b)).

Exposure to liquidity risk

The below table analyses the Group'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.

	Within 1 Year		**1 to 5 Years**		**Over 5 Years**		**Total**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Financial liabilities due for payment								
Trade and other payables	**440,100**	523,701	**-**		-	-	**440,100**	523,701
Amounts payable to related parties	**3,662**	92,499	**-**		-	-	**3,662**	92,499
Total expected outflows	**443,762**	616,200	**-**		-	-	**443,762**	616,200
Financial assets - cash flows realisable								
Cash and cash equivalents	**1,370,288**	807,229	**-**		-	-	**1,370,288**	807,229
Other Receivables	**79,908**	153,434	**-**		-	-	**79,908**	153,434
Security Deposits	**66,500**	92,106	**-**		-	-	**66,500**	92,106
Total anticipated inflows	**1,516,696**	1,052,769	**-**		-	-	**1,516,696**	1,052,769
Net (outflow)/inflow on financial instruments	**1,072,934**	436,569	**-**		-	-	**1,072,934**	436,569

Note 4: Financial risk management (cont'd)

c) Interest rate risk

The Group's cash equivalents are highly liquid and earn interest at market rates in short term fixed term deposits and variable chequing accounts. 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 Group's interest-bearing financial instruments was:

	Consolidated Carrying Amount	
	2018	**2017**
	$	**$**
Financial Assets		
Interest-bearing financial instruments		
Variable rate instruments	**1,434,987**	890,152

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 2017.

	Profit or loss		Equity	
	100bp increase	**100bp decrease**	**100bp increase**	**100bp decrease**
	$	**$**	**$**	**$**
31 March, 2018				
Interest-bearing financial instruments	**14,350**	**(14,350)**	**14,350**	**(14,350)**
31 March, 2017				
Interest-bearing financial instruments	8,902	(8,902)	8,902	(8,902)

Note 4: Financial risk management (cont'd)

d) Foreign currency risk

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

Exposure to currency risk

The Group's exposure to foreign currency risk at balance date was as follows:

	AUD $ 2018	CAD $ 2018	AUD $ 2017	CAD $ 2017
Cash and cash equivalents	**1,368,790**	**1,498**	798,349	8,880
Receivables	**79,908**	**-**	153,434	-
Security Deposits	**66,500**	**-**	92,106	-
	1,515,198	**1,498**	1,043,889	8,880
Trade and other payables	**307,620**	**136,142**	542,260	73,940
Employee Benefits	**50,274**	**-**	43,989	-
Warrant liability	**-**	**146,486**	-	508,463
	357,894	**282,628**	586,249	582,403
Net exposure in AUD	**1,157,304**	**(281,130)**	457,640	(573,523)

The following significant exchange rates applied during the year:

	Average Rate 2018 $	Average Rate 2017 $	Reporting Date Spot Rate 2018 $	Reporting Date Spot Rate 2017 $
Canadian dollar (CAD$)	**1.0030**	1.0115	**1.0109**	1.0160

Sensitivity analysis

A 10% strengthening of the Australian dollar against the Canadian dollar at 31 March, 2018 on the above net exposure to Canadian assets and liabilities would have decreased equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2017.

	Consolidated Equity $	Consolidated Profit or loss $
31 March, 2018		
CAD$	**29,041**	**29,041**
31 March, 2017		
CAD$	58,270	58,270

A 10% weakening of the Australian dollar against the Canadian dollar at 31 March, 2018 would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

Note 4: Financial risk management (cont'd)

e) Commodity price risk

The Group'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 Group'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 Group's operations cannot accurately be predicted.

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

Note 5: Capital Management

The Group manages its capital structure and makes adjustments to it, based on the funds available to the Group, in order to support the acquisition, exploration, evaluation 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 management to sustain future development of the business. The Group's capital includes equity, financial assets and financial liabilities.

The properties in which the Group currently has an interest are in the exploration and evaluation stage; as such the Group is dependent on external financing to fund activities. In order to carry out planned exploration, conduct studies and pay for administrative costs, the Group 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 Group 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 Group, is reasonable.

As set out in Note 16, further equity was issued in the year, and a group restructure was undertaken.

There were no other changes in the Group's approach to capital management during the year ended 31 March, 2018. The Group is not subject to externally imposed capital requirements.

Note 6: Revenue and expenses

Result for the year includes the following items:

		Consolidated 2018 $	Consolidated 2017 $
a)	***Depreciation and amortisation***		
	Depreciation and amortisation	**33,952**	35,982
b)	***Impairment expense***		
	Impairment of Exploration and Evaluation assets (Note 13)	**-**	-
c)	***Employee benefits expense***		
	Personnel costs	**1,274,148**	1,052,277
	Share based compensation	**112,063**	177,436
d)	***Professional fees include the following matters:***		
	- Legal costs	**231,358**	157,448
	- Exploration consultants	**234,075**	74,274
e)	***Finance Revenue***		
	Bank interest income	**9,043**	3,142
f)	***Cost Recoveries:***		
	- FSDC legal matter (Note 25)	**-**	98,321
	- MMPS (Yalgoo Project)	**300,000**	
	Option Fee Income:		
	- Panorama Gold Project	**230,000**	-
g)	***Includes exploration & evaluation expenditure & IPO costs***		
	Exploration expenditure in the year (Note 13)	**1,486,161**	1,111,114
	IPO Costs incurred (Note 21)	**12,262**	483,365
h)	***Other:***		
	- Gain on sale of asset	**-**	1,816
	- Net foreign exchange gain	**7,116**	930
	- Finance costs	**8,768**	9,181
i)	***Change in fair value of warrant liability:***		
	- Change in fair value of warrant liability (Note 17)	**361,977**	297,360

Note 7: Income tax

		Consolidated 2018 $	Consolidated 2017 $
a)	***Income tax equivalent expense***		
	Current tax expense	**-**	-
	Deferred tax expense	**-**	-
	Income tax expense (credit) attributable to profit (loss) from continuing operations	**-**	-
b)	***Reconciliation of income tax equivalent expense (credit) to prima facie tax equivalent payable***		
	Profit (loss) from continuing operations before income tax expense	**(3,389,034)**	(3,874,581)
	Tax at Australian tax rate of 27.5% (2018); 28.5% (2017)	**(931,984)**	(1,104,255)
	Adjustment for the tax effect of:		
	Change in fair value of warrant liability	**(99,544)**	84,748
	Share based payments	**30,817**	50,568
	Other	**44,129**	2,273
	Exploration expenditure capitalised	**-**	-
	Change in Australian tax rate to 27.5%	**-**	33,918
		(956,582)	(932,748)
	Income tax losses and temporary differences not carried forward as deferred tax assets	**956,582**	932,748
	Income tax expense (credit) attributable to profit (loss) from continuing operations	**-**	-

c) 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 2018 was 27.5% on the basis that Macarthur Minerals was a Small Business Entity for the purposes of the tax law.

The reduction of the Australian Corporation Tax Rate for Small Business Entities from 28.5% to 27.5% was substantively enacted on 9 May 2017 and was effective for income years commencing from 1 July 2016. As a result, any relevant deferred tax balances have been remeasured.

Deferred tax in the year to 31 March 2018 has been measured using the effective rate that will apply in Australia to Macarthur Minerals from 1 April 2017 (i.e. 27.5%).

d) Tax consolidation

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

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

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

As a result of a potential reacquisition of the interest held by the seed investors in Macarthur Australia by Macarthur Minerals, Macarthur Australia and its wholly owned subsidiaries may rejoin the Macarthur Minerals Australian income tax consolidated group subsequent to 31 March 2017.

Note 7: Income tax (cont'd)

e) Tax losses

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

	Tax losses from operations $	Tax losses on capital raising expenses $	Total $
2018			
Tax losses	**76,185,272**	**5,217,972**	**81,403,244**
Potential benefit	**20,950,950**	**1,434,942**	**22,385,892**
2017			
Tax losses	72,816,394	5,108,369	77,924,763
Potential benefit	20,024,508	1,404,801	21,429,309

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 and future events including the impact of Macarthur Australia, MIO and MLi rejoining the Macarthur Minerals tax consolidated group.

Note 8: Earnings per share

Basic earnings per share is calculated by dividing net (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 dilutive potential ordinary shares. Refer to the accounting policy in Note 2(s)(ii).

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

	Consolidated	
	2018 $	2017 $
Net (loss) for the year (members of parent entity)	**(3,389,034)**	(3,825,495)
	Number	
Weighted average number of ordinary shares for basic earnings per share	**188,568,114**	120,113,637
Weighted average number of ordinary shares for diluted earnings per share	**188,568,114**	120,113,637

The Company's outstanding options, warrants and RSUs that did not have a dilutive effect at 31 March, 2018 are set out in Note 10 and none have a dilutive effect, as the Group is in a loss position.

Note 9: Cash and cash equivalents

	Consolidated 2018 $	Consolidated 2017 $
Cash at bank and in hand		
Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates	**1,370,288**	807,229
	1,370,288	807,229

	Consolidated 2018 $	Consolidated 2017 $
a) Reconciliation of cash		
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 31 March:		
Cash at bank and in hand	**1,370,288**	807,229
b) Reconciliation of net loss after income tax to the net cash flows from operations		
Net (Loss)	**(3,389,034)**	(3,874,581)
Adjustments for:		
Gain on Sale of Motor Vehicles	**-**	(1,816)
Depreciation and amortisation	**33,952**	35,982
Share based payments – employees and other costs	**693,690**	177,436
Change in fair value of warrant liability	**(361,977)**	297,360
Changes in Assets and Liabilities		
(Increase)/Decrease in receivables	**73,526**	(118,733)
(Increase)/Decrease in other operating assets	**230,634**	4,440
Increase/(Decrease) in payables	**(166,513)**	109,531
Net cash from operating activities	**(2,885,722)**	(3,370,381)

Share based payments for employees total $112,063 (Note 16) and $581,627 for other operating costs (settled by issue of 7,476,201 ordinary shares).

c) Non-cash investing and financing activities

In the current year a total of 31,086,909 shares have been issued to settle $64,916 of exploration and evaluation expenditure and $1,468,040 for buy back of non-controlling interest in Macarthur Australia Limited. These amounts are not reflected in the statement of cashflows

Note 10: Other Receivables

	Consolidated 2018 $	Consolidated 2017 $
Other receivables	**79,908**	153,434
	79,908	153,434

Note 11: Other Assets

	Consolidated 2018 $	2017 $
Prepayments[(i)]	**-**	205,028
Security deposits	**66,500**	92,106
	66,500	297,134

[(i)] Prepayments as at 31 March 2017 include $196,040 deposit on Stonewall Lithium Project.

Note 12: Property, plant and equipment

	Plant & Equipment $	Office Equipment $	Total $
Year ended 31 March, 2017			
Opening net book value	86,506	27,771	**114,277**
Depreciation charge	-	909	**909**
Impairment	(29,274)	(6,708)	**(35,982)**
Closing net book amount	57,232	21,972	**79,204**
At 31 March, 2017			
Cost	654,217	393,357	**1,047,574**
Impairment	(223,645)	-	**(223,645)**
Accumulated depreciation	(373,340)	(371,385)	**(744,725)**
Net book amount	57,232	21,972	**79,204**
Year ended 31 March, 2018			
Opening net book value	57,232	21,972	**79,204**
Additions	1,811	1,810	**3,621**
Depreciation charge	(28,992)	(4,960)	**(33,952)**
Closing net book amount	30,051	18,822	**48,873**
At 31 March, 2018			
Cost	656,028	395,167	**1,051,195**
Accumulated depreciation and impairment	(625,977)	(376,345)	**(1,002,322)**
Net book amount	30,051	18,822	**48,873**

Note 13: Exploration and evaluation assets

	Consolidated 2018 $	2017 $
Cost		
Balance at beginning of year	**6,000,000**	**6,000,000**
Exploration and evaluation expenditure capitalised[1]	**204,026**	**-**
Balance at end of year	**6,204,026**	**6,000,000**

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.

[1] Capitalised exploration and evaluation expenditure related to lithium tenements which were granted during the year ended 31 March 2018.

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

Note 13: Exploration and evaluation assets (cont'd)

Recoverable value of the Iron Ore Projects is difficult to determine given current global conditions, in particular the fluctuating outlook in demand and price for iron ore. The operational status of these projects was assessed in 2016, along with the carrying value, resulting in an impairment charge and write-down to estimated recoverable value of $6,000,000.

In the current year, global market conditions have improved however given ongoing uncertainty, carrying value has been maintained at $6,000,000. Expenditure of $777,861 incurred during the year ended 31 March, 2018 was expensed.

The recoverable amount (fair value) measurement in 2016 was a level 2 fair value hierarchy measurement determined as fair value less costs to sell, based on observable market data. There are no further indicators of impairment in the current year.

Costs incurred on other projects in the current year totalling $708,300 have been expensed.

Note 14: Trade and other payables

	Consolidated	
	2018 **$**	**2017** **$**
Current		
Trade creditors	**336,252**	356,243
Other creditors and accruals	**107,510**	259,957
	443,762	616,200

Note 15: Provisions

The liabilities recognised for employee benefits consist of the following amounts:	Consolidated	
	2018 **$**	**2017** **$**
Current		
- Short term employee obligations	**36,488**	33,132
Non-current:		
- Long service leave entitlements	**13,786**	10,857
	50,274	43,989

	Employee Benefits	**Total**
Opening balance at 1 April 2017	43,989	43,989
Additional provisions	51,433	51,433
Amounts used	(45,148)	(45,148)
Balance at 31 March 2018	**50,274**	**50,274**

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

Note 16: Contributed equity and reserves

a) Ordinary Shares

	Consolidated 2018 $	Consolidated 2017 $
Ordinary shares		
Issued and fully paid	**98,702,139**	92,996,404
	Number	**Number**
Number of shares on issue	**242,301,414**	139,800,973

	2018	2017
At the beginning of the reporting period	**139,800,973**	81,623,799
Shares issued during the year:		
13 July 2017 (CAD$0.07 per share)	**1,000,000**	-
27 July 2017 (CAD$0.05 per share)	**34,907,782**	-
21 Aug 2017 (CAD$0.05 per share)	**2,535,800**	-
24 Aug 2017 (CAD$0.05 per share)	**40,686**	-
12 Sept 2017 (CAD$0.05 per share)	**4,491,139**	-
28 Nov 2017 (CAD$0.085 per share)	**2,352,942**	-
13 Dec 2017 (CAD$0.06 per share)	**31,712,730**	-
1 Feb 2018 (CAD$0.0621 per share)	**803,944**	-
13 Feb 2018 (CAD$0.0561 per share)	**263,101**	-
20 Feb 2018 (CAD$0.06 per share)	**1,500,000**	-
9 May 2016 (CAD$0.02 per share)	**-**	15,000,000
25 October 2016(CAD$0.10 per share)	**-**	2,000,000
11 January 2017 (CAD$0.07 per share)	**-**	3,750,000
Exercise of options and warrants[1]	**22,892,317**	37,427,174
At the end of the reporting period	**242,301,414**	139,800,973

[1]Refer to Note 19.

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

b) Reserves

Consolidated	Foreign Currency Translation Reserve $	Share Based Payments Reserve $	Dilution Gain Reserve $	Total $
As at 1 April, 2016	258,972	2,706,823	7,314,889	10,280,684
Cost of share based payments	-	177,436	-	177,436
As at 1 April, 2017	258,972	2,884,259	7,314,889	10,458,120
Cost of share based payments (Note 18)	**-**	**112,063**	**-**	**112,063**
As at 31 March, 2018	**258,972**	**2,996,322**	**7,314,889**	**10,570,183**

Note 16: Contributed equity and reserves (cont'd)

c) Nature and purpose of reserves

Foreign Currency Translation Reserve

Until the year ended 31 March, 2006 the assets and liabilities of the Group were translated from what was the functional currency (Canadian dollars) to the presentation currency (Australian dollars). The exchange differences arising on the translation were taken directly to this reserve.

The functional currency for subsequent years is Australian dollars.

Share-based payment reserve

The Group has issued share options, rights and warrants on specified terms. The cost of these items are 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 the Black-Scholes method.

Dilution Gain Reserve

The Company incurred a dilution gain of $7,314,889 arising from the issue of shares in MIO during the financial year ended 31 March, 2009.

Note 17: Warrant liability

During the year ended 31 March, 2018, equity offerings were completed whereby 72,858,027 warrants were issued with exercise prices denominated in Canadian dollars (31 March, 2017 – 15,000,000). Where the warrants have an exercise price denominated in a currency which is different from the functional currency of the Company (Australian dollar), the warrants are treated as a financial liability. The Company's share purchase warrants are classified and accounted for as a financial liability at fair value with changes in fair value recognised in the Consolidated Statement of Profit or Loss and Comprehensive Income. The warrant derivative liability is classified as level 2 in the fair value hierarchy. As of 31 March, 2018, the Company had 31,712,730 (2017 – 7,500,000) warrants outstanding, which are classified and accounted for as a financial liability. The Company recognised an expense of $361,977 from changes in the fair value of the warrant liability. The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of the Canadian dollar denominated warrants.

	Year ended 31 March, 2018	Year ended 31 March, 2017
	Weighted average	*Weighted average*
Share price	**CAD $0.05**	CAD $0.15
Exercise price	**CAD $0.20**	CAD $0.05
Risk-free interest rate	**1.76%**	0.52%
Expected life of warrants	**0.7 year**	1 year
Annualized volatility	**127.49%**	204.21%
Dividend rate	**0%**	0%

Note 18: Share Compensation Plans

The Company, in accordance with the Company's Employee and Consultant Share Compensation Plans ("Plans") and the policies of the TSX-V, is authorized to grant incentive stock options ("Options"), award equity restricted share units, or bonus shares or issue common shares from treasury pursuant to the Company's share purchase scheme to directors, employees and consultants to acquire in aggregate up to 20% of issued and outstanding ordinary shares as at August 31, 2017, being 185,785,241 Common Shares. Both of the Plans were approved on August 31, 2017 by the shareholders and replaces the Company's previous Plans.

The exercise price of the Options is fixed by the Board at no lesser than the discounted market price (as defined under the TSX-V Company Manual) of the shares on the grant date, subject to all applicable regulatory requirements. Options under the Plans can be granted for a maximum term of 5 years and may be subject to vesting criteria as determined by the Board.

Note 18: Share Compensation Plans (cont'd)

The Company's part owned subsidiary, Macarthur Australia Limited, also has share compensation plans in place (see Note 19(ii)).

The fair value of all issued Options is measured and expensed as share-based compensation at the grant date if they are fully vested upon granting, otherwise the fair value is expensed over the vesting period. A corresponding increase is recorded to reserves (see Note 16). For further detail on the accounting treatment of share options refer to Note 2 accounting policies.

Note 19 (i): Macarthur Minerals Limited - Options, RSUs and Warrants

a) Options

During the year ended 31 March, 2018

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

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

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

During the year ended 31 March, 2017

(i) On 14 April 2016, pursuant to the Plans, an aggregate of 2,660,000 Options were granted, of which 1,590,000 Options were granted to directors of the Company, and the remaining Options granted to employees and a consultant. The Options have an exercise price of CAD$0.05. The Options vest immediately, and expire three years from the date of grant.

(ii) On 11 July 2016, pursuant to the Plans, an aggregate of 3,540,000 Options were granted, of which 2,610,000 Options were granted to directors of the Company, and the remaining Options granted to employees and a consultant. The Options have an exercise price of CAD$0.0525, are subject to a 4 month hold, and expire three years from the date of grant.

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

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

Macarthur Minerals Limited
Notes to Financial Statements – 31 March, 2018

Note 19 (i): Macarthur Minerals Limited - Options, RSUs and Warrants (cont'd)

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

	2018		2017	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	**19,907,009**	**$0.06 (CAD$0.06)**	5,500,000	$0.05 (CAD$0.05)
Granted	**8,300,000**	**$0.06 (CAD$0.06)**	20,209,664	$0.05 (CAD$0.06)
Exercised	**-**	**-**	(4,802,655)	$0.05 (CAD$0.05)
Forfeited	**-**	**-**	-	-
Expired	**(500,000)**	**$0.10 (CAD$0.10)**	(1,000,000)	$0.05 (CAD$0.05)
Outstanding, end of period	**27,707,009**	**$0.06 (CAD$0.06)**	19,907,009	$0.06 (CAD$0.06)
Options exercisable, end of period	**27,707,009**	**$0.06 (CAD$0.06)**	19,907,009	$0.06 (CAD$0.06)

Share options under the Company's Plans outstanding at 31 March, 2018 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
280,000	CAD$ 0.046	13 May 2018
1,620,000	CAD$ 0.050	1 Sept 2018
1,330,000	CAD$ 0.050	13 Apr 2019
3,540,000	CAD$ 0.0525	10 Jul 2019
12,637,009	CAD$ 0.060	21 Sep 2019
2,000,000	CAD$0.065	23 Jan 2021
4,300,000	CAD$0.055	19 Feb 2021
2,000,000	CAD$0.065	25 Feb 2021

During the year the Company's share price has ranged from CAD$0.045 to CAD$0.12. The weighted average remaining contractual life for the share options as at 31 March, 2018 is 0.91 years. The weighted average value of options issued in the year is $0.01 (2017: $0.05).

Refer to Note 26 *Subsequent Events* on Options expired since balance date.

Note 19 (i): Macarthur Minerals Limited - Options, RSUs and Warrants (cont'd)

b) Restricted Share Units

During the year ended 31 March, 2018

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

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

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

	2018		2017	
	Number of RSUs	**Weighted Average Vesting Price**	Number of RSUs	Weighted Average Vesting Price
Outstanding, beginning of year	**-**	**-**	-	-
Granted	**5,505,882**	**$0.20 (CAD$0.20)**	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding, end of period	**5,505,882**	**$0.20 (CAD$0.20)**	-	-

RSUs outstanding at 31 March, 2018 have the following vesting prices and expiry dates:

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

The weighted average remaining contractual life for the RSUs as at 31 March, 2018 is 2.70 years. The weighted average value of RSUs issued in the year is $0.0014.

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

	Year ended 31 March, 2018	Year ended 31 March, 2017
	Weighted average	*Weighted average*
Share price	**CAD $0.072**	-
Exercise price	**CAD $0.20**	-
Risk-free interest rate	**1.46%**	-
Expected life of RSU's	**2.7 year**	-
Annualized volatility	**35.21%**	-
Dividend rate	**0%**	-

Macarthur Minerals Limited
Notes to Financial Statements – 31 March, 2018

Note 19 (i): Macarthur Minerals Limited - Options, RSUs and Warrants (cont'd)

c) Warrants

During the year ended 31 March, 2018

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

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

During the year ended 31 March, 2017

(i) 15,000,000 warrants were issued on 9 May 2016 in connection with the 2016 Offering at an exercise which entitles the holder to acquire one ordinary share for each warrant at a price of CAD$0.05 for a period of 12 months.

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

	2018		2017	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	**7,500,000**	**$0.05 (CAD$0.05)**	25,603,169	$0.05 (CAD$0.05)
Granted	**72,858,027**	**$0.12 (CAD$0.12)**	15,000,000	$0.05 (CAD$0.05)
Exercised	**(22,892,317)**	**$0.06 (CAD$0.06)**	(32,624,519)	$0.05 (CAD$0.05)
Forfeited	**-**	**-**	-	-
Expired	**(25,752,980)**	**$0.06 (CAD$0.06)**	(478,650)	$0.05 (CAD$0.05)
Outstanding, end of period	**31,712,730**	**$0.20 (CAD$0.20)**	7,500,000	$0.05 (CAD$0.05)

Warrants outstanding at 31 March, 2018 have the following exercise prices and expiry dates:

Number of warrants	Exercise Price	Expiry Date
31,712,730	CAD$0.20	15 Dec 2018

The weighted average remaining contractual life for the warrants as at 31 March, 2018 is 0.71 years.

No warrants have been issued, exercised or expired since balance date.

Note 19 (ii): Macarthur Australia Limited - Options and Performance Rights

a) Options

On 3 March 2017, the Board of Macarthur Australia approved the Macarthur Australia Employee Share Option Plan ("ESOP"). Options issued under ESOP entitles the holder to one fully paid ordinary share in the capital of Macarthur Australia, subject to the options being validly exercised.

During the year ended 31 March, 2018

On 5 July 2017, Macarthur Australia withdrew its prospectus for ASX IPO and all Macarthur Australia Options issued under the ESOP have been relinquished.

During the year ended 31 March, 2017

On 3 March 2017, an aggregate of 30,315,395 options were granted pursuant to ESOP and have been issued in compliance with ASIC Class Order CO14/1001 and under Section 708, namely offers to senior managers and sophisticated investors. 15,764,005 of those options were granted to directors of Macarthur Australia, and the remaining options granted to employees. The options have an exercise price of $0.20. The Options vest after the holder remains with Macarthur Australia for a minimum of 2 years from the date Macarthur Australia becomes listed on the ASX, and expire five years from the date of grant.

Macarthur Australia's option transactions issued under the ESOP and the number of options outstanding and their related weighted average exercise prices are summarised below:

Macarthur Australia	**2018**		2017	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	**30,315,395**	**$0.20 (CAD$0.20)**	-	-
Granted	**-**	**-**	30,315,395	$0.20 (CAD$0.20)
Exercised	**-**	**-**	-	-
Forfeited	**-**	**-**	-	-
Expired	**30,315,395**	**$0.20 (CAD$0.20)**	-	-
Outstanding, end of period	**-**	**-**	30,315,395	$0.20 (CAD$0.20)
Options exercisable, end of period	**-**	**-**	30,315,395	$0.20 (CAD$0.20)

There were no Options under Macarthur Australia's ESOP outstanding at 31 March, 2018.

Note 19 (ii): Macarthur Australia Limited - Options and Performance Rights (cont'd)

b) Performance Rights

On 3 March 2017, the Board of Macarthur Australia approved the Macarthur Australia Employee Performance Rights Plan ("EPRP"). Performance Rights issued under EPRP entitles the holder to one fully paid ordinary share in the capital of Macarthur Australia, subject to the options being validly exercised.

During the year ended 31 March, 2018

On 5 July 2017, Macarthur Australia withdrew its prospectus for ASX IPO and all Macarthur Australia Performance Rights issued under the EPRP have been relinquished.

During the year ended 31 March, 2017

On 3 March 2017, an aggregate of 30,315,395 Performance Rights were granted pursuant to EPRP and have been issued in compliance with ASIC Class Order CO14/1001 and under Section 708, namely offers to senior managers and sophisticated investors. 15,764,005 of those Performance Rights were granted to directors of Macarthur Australia, and the remaining options granted to employees.

The Performance Rights have a nil exercise price and vest after the holder remains with Macarthur Australia for a minimum of 2 years from the date Macarthur Australia becomes listed on the ASX, and expire five years from the date of grant.

Macarthur Australia's Performance Rights transactions issued under the EPRP and the number of Performance Rights outstanding and their related weighted average exercise prices are summarised below:

Macarthur Australia	**2018**		2017	
	Number of Performance Rights	**Weighted Average Exercise Price**	Number of Performance Rights	Weighted Average Exercise Price
Outstanding, beginning of year	**30,315,395**	**NIL**	-	-
Granted	**-**	**-**	30,315,395	NIL
Exercised	**-**	**-**	-	-
Forfeited	**30,315,395**	**NIL**	-	-
Expired	**-**	**-**	-	-
Outstanding, end of period	**-**	**-**	30,315,395	NIL
Performances rights exercisable, end of period	**-**	**-**	30,315,395	NIL

There were no Rights under Macarthur Australia's EPRP outstanding at 31 March, 2018.

Note 20: Share Based Payments

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

The fair value calculated for options issued is expensed over their vesting period as share based compensation in the statement of profit or loss and other comprehensive income and a corresponding amount is recorded to reserves. The weighted average fair value of options granted during the period was $0.006 (March 2017 - $0.009). Refer to Note 19 for details of options granted during the period.

Note 20: Share Based Payments (cont'd)

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

	2018	2017
	Weighted average	*Weighted average*
Share price	**CAD$0.055**	CAD$0.058
Exercise price	**CAD $0.06**	CAD $0.06
Risk-free interest rate	**1.77%**	0.55%
Expected life of options	**3.0 years**	3.0 years
Annualized volatility	**114.31%**	73.00%
Dividend rate	**0%**	0%

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

Other share based payments include RSUs, warrants and performance rights (as set out in Note 19) and the issue of 7,476,201 ordinary shares as set out in Note 9(c).

Note 21: Related Party Disclosure

The Group's main related parties are as follows:

(i) *Entities exercising control of the Group:*

The ultimate parent entity that exercises control over the Group is Macarthur Minerals Limited, which is incorporated in Australia.

(ii) *Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 22.

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

	Country of	**% Equity Interest**	
Name	**Incorporation**	**2018**	**2017**
Esperance Iron Ore Export Company Pty Ltd	Australia	100	100
Macarthur Iron Ore Pty Ltd	Australia	100	A
Macarthur Lithium Pty Ltd	Australia	100	A
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	90.3
Macarthur Lithium Nevada Limited	U.S.A	100	100

A- 100% ownership transferred in the year to Macarthur Australia Limited.

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

Subsidiaries incorporated in the year were for nominal value.

Macarthur Minerals Limited
Notes to Financial Statements – 31 March, 2018

Note 21: Related Party Disclosure (cont'd)

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.

During the year end March 31, 2017, the Company incorporated Macarthur Australia Limited and undertook a group restructure. Macarthur Australia also raised capital totalling $1,468,040, direct from investors, and undertook an IPO on the Australian Securities Exchange. The Non-controlling interest in Macarthur Australia totalled 9.7%.

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

Note 22: Key Management Personnel

The following persons were key management personnel of the Company during the financial year:

Non-Executive Directors

Alan Phillips, Non-Executive Director
David Lenigas, Non-Executive Director
Earl Evans, Non-Executive Director (appointed 5 February, 2018)

Executive Directors

Cameron McCall, Executive Chairman (appointed as Executive 17 October, 2017)
Joe Phillips, CEO and Director (appointed 11 October, 2017)
David Taplin, President, CEO and Director (resigned 5 February, 2018)

Details of Remuneration

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

2018	**Short Term Employee Benefits**				**Post-Employment Benefits**		**Share Based Payments**	
Executive Directors:	Cash Salary & Fees	Accrued Salaries	Cash Bonus	Non-monetary benefits	Super-annuation	Retirement Benefits	Options/RSUs	Total
	$	$	$	$	$	$	$	$
C McCall [1]	100,000	-	-	102,660	-	-	1,499	204,159
J Phillips [2]	60,000	-	-	102,660	-	-	26,535	189,195
D Taplin [3]	277,273	-	-	-	-	-	-	277,273
Non-Executive Directors:								
A Phillips	80,000	-	-	-	-	-	25,085	105,085
D Lenigas	60,000	-	-	-	-	-	1,430	61,430
E Evans [4]	-	-	-	90,648	-	-	1,430	92,078
Total	**577,273**	**-**	**-**	**295,968**	**-**	**-**	**55,979**	**929,220**

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

Note 22: Key Management Personnel (cont'd)

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

Total remuneration of each key management personnel of the Company for the year ended 31 March, 2017 is set out below.

2017	**Short Term Employee Benefits**				**Post-Employment Benefits**		**Share Based Payments**	
Executive Directors:	Cash Salary & Fees	Accrued Salaries[2]	Cash Bonus	Non-monetary benefits	Super-annuation	Retirement Benefits	Options	Total
	$	$	$	$	$	$	$	$
A Phillips[1]	112,500	-	-	-	-	-	6,719	119,219
D Taplin	227,500	27,500	-	-	-	-	49,301	304,301
Non-Executive Directors:								
C McCall	75,000	-	-	-	-	-	26,012	101,012
D Lenigas	45,000	-	-	-	-	-	42,897	87,897
A Phillips[1]	20,000	-	-	-	-	-	-	20,000
Total	**480,000**	**27,500**	**-**	**-**	**-**	**-**	**124,929**	**632,429**

[1] As of 1 January, 2017, A S Phillips became a Non-Executive Director.
[2] Accrued Salaries includes amounts accrued but not paid to Executive Directors at 31 March 2016 that totalled $160,746 and further amounts accrued in the current year. On 1 April 2016, the Company entered into a Deed of Bond with the Executive Directors whereby accrued salaries was not repayable before 1 April, 2017, and interest accrued on the amounts. On 30 September, 2016 it was agreed that the Bonds be paid out, interest foregone and the funds used for the exercise of 3,604,175 options already on issue to the Executive Directors.

Remuneration accrued and payable to key management personnel as at 31 March, 2017 was $89,499.

Equity instrument disclosures relating to key management personnel

a) Ordinary Shares

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

Name	**Number at 1/4/17**	**Number Acquired**	**Number Disposed**	**Number at 31/3/18**
C McCall	2,000,000	1,509,804	-	3,509,804
J Phillips (appointed 11 October 2017)[2]	1,685,261	1,453,514	-	3,138,775
A Phillips	-	-	-	-
D Lenigas	-		-	-
E Evans (appointed 5 February 2018)[2]	-	1,500,000	-	1,500,000
D Taplin (resigned 5 February 2018)[1]	8,468,638	1,109,166	-	9,577,804
	12,153,899	5,572,484	-	17,726,383

[1] As of 5 February 2018, when D Taplin resigned to be CEO and Director.
[2] Commencing from date of appointment.

Note 22: Key Management Personnel (cont'd)

b) Options

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

Name	Number at 1/4/17	Number Acquired	Number Exercised	Number at 31/3/18
C McCall	4,000,000	-	-	4,000,000
J Phillips (appointed 11 October 2017)	-	2,000,000	-	2,000,000
A Phillips	1,131,083	2,000,000	-	3,131,083
D Lenigas	4,000,000	-	-	4,000,000
E Evans (appointed 5 February 2018)	-	-	-	-
D Taplin (resigned 5 February 2018)	4,481,746	-	-	4,481,746
	13,612,829	4,000,000	-	17,612,829

c) RSUs

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

Name	Number at 1/4/17	Number Acquired	Number Vested	Number at 31/3/18
C McCall	-	2,352,941	-	2,352,941
J Phillips (appointed 11 October 2017)	-	2,352,941	-	2,352,941
A Phillips	-	-	-	-
D Lenigas	-	250,000	-	250,000
E Evans (appointed 5 February 2018)	-	250,000	-	250,000
D Taplin (resigned 5 February 2018)	-	-	-	-
	-	5,205,882	-	5,205,882

d) Warrants

No warrants are held by Key Management Personnel.

Other disclosures relating to key management personnel

During the year the Group entered into an earn-in arrangement with Artemis Resources Limited ("Artemis"), an entity of which Mr D Lenigas is the Executive Chairman. Payments in the year by Artemis to entering to the arrangement total $230,000. The arrangement provided for an earn-in interest of 65% if Artemis expends $1 million over 3 years and an additional 15% by way of $1 milion payment to the Group.

Note 23: Remuneration of Auditors

	Consolidated 2018 $	2017 $
During the year the following fees were paid or payable for services provided by the auditors.		
Nexia Brisbane:		
Audit and review of financial reports	**38,000**	35,000
Other services	**6,000**	30,000
Davidson & Company LLP:		
Audit and review of financial reports in Canada	**35,000**	35,000
Other services	**-**	-
Total remuneration for audit and other services	**79,000**	100,000

Non-audit Services

The Company may decide to employ the auditors on assignments additional to their statutory audit duties where the auditors' expertise and experience with the Company are important.

Details of the amounts paid or payable to the auditors Nexia Brisbane and Davidson & Company LLP for audit and non-audit services provided during the year are set out above.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001(Cth)*. The directors are satisfied that the provision of non-audit services by the auditors, as set out above, did not compromise the auditors' independence requirements of the *Corporations Act 2001(Cth)* for the following reasons:

- all non-audit services have been reviewed to ensure they do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditors' own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the Nexia Brisbane independence declaration is required under section 307C of the *Corporations Act 2001(Cth)* and is set out on page 16.

Note 24: Commitments

	Consolidated	
	2018	**2017**
	$	**$**
a) Operating Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities:		
Within one year	**18,750**	-
Later than one year but not later than five years	**-**	-
Non-cancellable operating lease	**18,750**	-

The Company renewed its office lease in Brisbane for 10 months commencing September 1, 2017.

b) Exploration and evaluation expenditure

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

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

	Consolidated	
	2018	**2017**
	$	**$**
Not later than one year	**1,190,963**	803,973
Later than one year but not later than five years	**4,475,235**	3,791,606
	5,666,199	4,595,579

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

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

	Consolidated	
	2018	**2017**
	$	**$**
Not later than one year	**720,255**	643,096
Later than one year but not later than five years	**4,475,235**	**3,791,606**
	5,195,490	**4,434,702**

As at 31 March 2018, the Company also has exploration tenement applications in process.

Note 25: Contingent Liabilities

a) Security Bonds

The Company has a contingent liability of $66,500 for bank guarantees issued for office leasing arrangements in Brisbane and corporate credit cards.

b) Supreme Court Proceedings

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

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

LPD brought New Proceedings against the Company and some of its directors in November 2012 substantially on the same grounds, following dismissal of the Initial Proceedings. On November 26, 2013 the New Proceedings were stayed by consent pending payment of the indemnity costs of the dismissed Initial Proceedings and the appeal costs by LPD and Mayson. No steps have been taken in the New Proceedings by the plaintiff since January 22, 2015 and LPD cannot continue its action without first applying for leave of the Court.

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

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

On January 20, 2016 the Company was served with a Claim in the Supreme Court of Queensland commenced by Mr Charles Chan, Mr Victor Chan (who are associated with a shareholder of the Company) and Mr Edward Kwok (“FSDC Directors’ Claim”). The FSDC Directors are yet to file their amended pleadings, as per the judgment delivered by Bond J on March 1, 2017 and the FSDC Directors cannot continue its action without first applying for leave of the Court. The FSDC Directors were also ordered to pay costs which are currently being assessed.

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

c) Other Matters

As set out in last year’s report, in May 2017 certain exploration license applications were subject to challenge. This matter was resolved in the Company’s favour.

Note 26: Subsequent Events

a) Options

Since the year end and up to the date of this report 2,280,000 Options have expired.

Macarthur Minerals Limited
Directors' declaration – 31 March, 2017

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 18 to 57 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 complicate with International Financial Reporting Standards (IFRS); and

   (ii) give a true and fair view of the financial position as at 31 March, 2018 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

Cameron McCall
Executive Chairman

Dated: 25 July, 2018

Nexia Australia

Independent Auditor's Report to the Members of Macarthur Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Macarthur Minerals Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 March 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 March 2018 and of its performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Nexia Brisbane Audit Pty Ltd
Registered Audit Company 299289
Level 28, 10 Eagle Street
Brisbane QLD 4000
GPO Box 1189
Brisbane QLD 4001
p +61 7 3229 2022
f +61 7 3229 3277
e email@nexiabrisbane.com.au
w nexia.com.au

Independent Auditor's Report to the Members of Macarthur Minerals Limited (continued)

Material uncertainty related to going concern

We draw attention to Note 2(b) in the financial report, which indicates that the Group incurred a net loss of $3,389,034 during the year ended 31 March 2018 and, as of that date, the Group's cash balances totaled $1,370,288. The note indicates that continuing operations are dependent upon the ability to raise either additional equity capital or other funding.

The directors have prepared the financial report on the going concern basis which assumes that the Group will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. The financial report does not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary, should the Group be unable to secure additional funding.

As stated in the note, these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Macarthur Minerals Limited (continued)

Key audit matters

Key audit matter	How our audit addressed the key audit matter
Exploration and Evaluation Expenditure ***Refer to note 13 (Exploration and Evaluation Assets)*** As at 31 March 2018 the carrying value of exploration and evaluation assets is $6,204,029. The Group's accounting policy in respect of exploration and evaluation assets is outlined in Note 2(d) This is a key audit matter due to the fact that significant judgement is applied in determining whether the capitalized exploration and evaluation assets meet the recognition criteria set out in AASB 6 Exploration for and Evaluation of Mineral Resources.	Our procedures included, amongst others; • We obtained evidence as to whether the rights to tenure of the areas of interest remained current at balance date and that rights to tenure are expected to be renewed for tenements that will expire in the near future; • We obtained evidence of the future intention for the areas of interest, expenditure and related work programmes; • We obtained an understanding of the status of ongoing exploration programmes, for the areas of interest; • We obtained evidence as to the assumptions made by management in the determination of the recoverable value of the asset.
Fair Value Measurement of Share-based Payments ***Refer to notes 17/18/19/20*** During the year the Group entered into a number of share based payments by way of warrants, options and restricted share units. The Group's accounting policy in respect of share based payments is outlined in Note 2(n). For the year ended 31 March 2018 the amount charged to profit or loss in respect of share based payments totaled $112,063 and the amount credited to profit or loss in respect of fair value adjustments of warrants totaled $361,977. This is a key audit matter due to the fact that significant judgement is applied in determining the valuation of share based payments.	Our procedures included, amongst others: • We obtained evidence of the terms and conditions of the share based payments. • We obtained evidence of, and tested the assumptions and calculations made by management to account for the payments.

Nexia Australia

Independent Auditor's Report to the Members of Macarthur Minerals Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 March 2018, but does not include the financial report and the auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

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

In preparing the financial report, the directors are responsible for assessing the Group'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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian 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 this financial report.

Independent Auditor's Report to the Members of Macarthur Minerals Limited (continued)

Auditor's responsibility for the Audit of the Financial Report (continued)

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Group'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 financial report 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents 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 Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 the directors 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.

Independent Auditor's Report to the Members of Macarthur Minerals Limited (continued)

Auditor's responsibility for the Audit of the Financial Report (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Nigel Bamford

ND Bamford
Director

Level 28, 10 Eagle Street
Brisbane, QLD, 4000

Date: 25 July 2018