MACARTHUR MINERALS LIMITED

Australian Company Number 103 011 436

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

All amounts are in Australian dollars unless otherwise stated

Consolidated Financial Statements – March 31, 2017

Contents

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

Its corporate office and principal place of business are detailed on page 8.

The financial statements were authorized for issue by the directors on July 28, 2017. The directors have the power to amend and reissue the financial statements.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Macarthur Minerals Limited

We have audited the accompanying consolidated financial statements of Macarthur Minerals Limited, which comprise the consolidated statements of financial position as at March 31, 2017 and 2016 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Macarthur Minerals Limited as at March 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2b) in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Macarthur Minerals Limited's ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

July 28, 2017

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

	Notes	**2017** **$**	**2016** **$**
EXPENSES			
Depreciation	5(a)	**(35,982)**	(103,384)
Impairment expense – Exploration and Evaluation	5(b)	**-**	(55,851,937)
Impairment expense - Plant and Equipment	5(b)	-	(223,645)
Investor relations		**(21,182)**	(49,826)
Office and general expenses	5(g)	**(1,490,222)**	(334,587)
Personnel costs	5(c)	**(1,052,277)**	(1,141,456)
Professional fees	5(d)	**(355,414)**	(931,576)
Rent		**(140,880)**	(107,669)
Share-based compensation	5(c)	**(177,436)**	(66,957)
Share Registry, filing and listing fees		**(146,715)**	(180,657)
Travel and accommodation		**(260,392)**	(86,258)
		(3,680,500)	(59,077,952)
OTHER REVENUE (EXPENSES)			
Interest income	5(e)	**3,142**	19,944
Other income - cost recoveries	5(f)	**98,321**	518,393
Net other income	5(h)	**1,816**	142,648
Change in fair value of warrant liability	5(i)	**(297,360)**	(211,103)
Net loss and comprehensive loss for the year		**(3,874,581)**	(58,608,070)
Attributable to:			
Members of the parent entity		**(3,825,495)**	(58,608,070)
Non-controlling interest		**(49,086)**	-
		(3,874,581)	(58,608,070)
Basic loss per ordinary share	7	**(0.03)**	(0.81)
Diluted loss per ordinary share	7	**(0.03)**	(0.81)

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

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

	Notes	2017 $	2016 $
ASSETS			
Current			
Cash and cash equivalents	8	**807,229**	267,841
Other receivables	9	**153,434**	34,701
Security deposits and prepayments	10	**297,134**	105,534
Total current assets		**1,257,797**	408,076
Non-Current			
Plant and equipment	11	**79,204**	108,682
Exploration and evaluation assets	12	**6,000,000**	6,000,000
Total non-current assets		**6,079,204**	6,108,682
Total assets		**7,337,001**	6,516,758
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	13	**616,200**	342,876
Employee benefits	14	**33,132**	37,747
Warrant liability	16	**508,463**	211,103
Total current liabilities		**1,157,795**	591,726
Non-Current			
Accounts payable and accrued liabilities	13	**-**	160,746
Employee benefits	14	**10,857**	9,289
Total non-current liabilities		**10,857**	170,035
		1,168,652	761,761
Shareholders' equity			
Contributed equity	15(a)	**92,199,295**	89,556,838
Reserves	15(b)	**4,013,363**	3,835,927
Deficit		**(91,463,263)**	(87,637,768)
		4,749,395	5,754,997
Non-controlling interests Contributed Equity		1,418,954	-
Total shareholders' equity		6,168,349	5,754,997
Total liabilities and shareholders' equity		7,337,001	6,516,758

Nature and continuance of operations (Note 1 and 2)
Commitments (Note 22)

Subsequent events (Note 24)
Contingent liabilities (Note 23)

On behalf of the Board:

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

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

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

	Number of Shares	Contributed Equity	Deficit	Reserves	Non-Controlling Interests	Total
Balance at April 1, 2015	56,020,630	$ 89,043,070	$ (29,029,698)	$ 3,768,970	-	$ 63,782,342
Net loss for the year	-	-	(58,608,070)	-	-	(58,608,070)
Share-based payment transactions	-	-	-	66,957	-	66,957
Private placement	25,603,169	537,510	-	-	-	537,510
Share issuance costs	-	(23,742)	-	-	-	(23,742)
Balance at March 31, 2016	81,623,799	$ 89,556,838	$ (87,637,768)	$ 3,835,927	-	$ 5,754,997
Balance at April 1, 2016						
Net loss for the year	-	-	(3,825,495)	-	(49,086)	(3,874,581)
Share-based payment transactions	-	-	-	177,436	-	177,436
Private placement	18,750,000	564,119	-	-	-	564,119
Exercise of options and warrants	37,427,174	1,896,168	-	-	-	1,896,168
Purchase of Assets in consideration for shares	2,000,000	196,040				196,040
Seed Capital (Macarthur Australia)	-	-	-	-	1,468,040	1,468,040
Share issuance costs	-	(13,870)	-	-	-	(13,870)
Balance at March 31, 2017	139,800,973	**$ 92,199,295**	**$ (91,463,263)**	**$ 4,013,363**	**$ 1,418,954**	**$ 6,168,349**

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

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

	Notes	2017 $	2016 $
OPERATING ACTIVITIES			
Payments to suppliers and employees		**(3,462,663)**	(2,711,646)
Interest received		**3,142**	19,883
Other Revenue		**98,321**	518,393
Interest Paid		**(9,181)**	(9,125)
Transfer from security deposits		**-**	17,500
Net cash flows used in operating activities	8	**(3,370,381)**	(2,164,995)
INVESTING ACTIVITIES			
Net proceeds (purchases) of plant and equipment		**(6,504)**	175,454
Exploration and evaluation additions		**1,816**	(1,168,722)
Exploration and evaluation recoveries		**-**	117,008
Net cash flows used in investing activities		**(4,688)**	(876,260)
FINANCING ACTIVITIES			
Proceeds from share issues		**2,460,287**	537,510
Proceeds from share issues (non-controlling interests)		**1,468,040**	-
Share issuance costs		**(13,870)**	(23,742)
Repayment of finance lease		**-**	(11,801)
Net cash flows provided by financing activities		**3,914,457**	501,967
Change in cash and cash equivalents during the year		**539,388**	(2,539,288)
Cash and cash equivalents, beginning of the year		**267,841**	2,807,129
Cash and cash equivalents, end of year	8	**807,229**	267,841

Supplemental disclosure with respect to cash flows (Note 8).

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

Note 1: Company Information

Macarthur Minerals Limited is an Australian public company listed in Canada on the TSX Venture Exchange (“TSX-V”) (symbol: MMS). Macarthur Minerals is an exploration company focused on exploring for lithium in Australia and Nevada, as well as identifying development options. Macarthur Minerals is the majority shareholder of Macarthur Australia Limited (“Macarthur Australia”), which owns significant iron ore and lithium projects in Western Australia.

As at 31 March 2017, the Company has the following subsidiaries:

- 90.3% of Macarthur Australia Limited, which was formed on 21 November 2016 and 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, which was formed on 22 September 2016 (incorporated in Nevada);
- 100% of Macarthur Marble Bar Pty Ltd (previously Batchelor Project Pty Ltd);
- 100% of Macarthur Midway Pty Ltd (a dormant subsidiary); and
- 100% of Macarthur Minerals NT Pty Ltd (“MMNT”) and MMNT’s 100% subsidiary, Macarthur Tulshyan Pty Ltd.

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

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

Note 2: Summary of Significant Accounting Policies

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

a) Basis of preparation

The consolidated financial statements are audited and have been prepared in accordance with International Financial Reporting Standards (“IFRS”) adopted by the International Accounting Standards Board (“IASB”).

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

b) Going concern

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

During the year the consolidated entity incurred a net loss of $3,874,581. The Company’s cash and cash equivalents balance at the reporting date is $807,229.

The Company’s continuing operations are dependent upon its ability to raise either additional equity capital or other funding, project financing or generate cash flow from operations in the future, which could include the realisation through sale of part or all of the exploration asset, 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 Company’s ability to continue as a going concern.

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

b) Going concern (cont'd)

During the year ended 31 March, 2017, the Company raised new equity of $4,110,497, from private placements, the exercise of warrants and options, including $1,468,040 from Macarthur Australia's seed capital raising (see Note 21). It also issued share capital of $196,040 in consideration for purchase of the Nevada Stonewall Project.

Furthermore, since the year end 31 March 2017, the Company issued new share capital of C$375,000 from exercise of 7,500,000 warrants, and entered into arrangement for further capital raising (see Note 24).

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

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

c) Principles of consolidation

(i) Subsidiaries

The financial report incorporates the assets, liabilities and results of all subsidiaries controlled by the Company. Refer to Note 20 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 Company. They are de-consolidated from the date that control ceases.

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

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

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 and statement of comprehensive income.

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 Loss and Other Comprehensive Loss.

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

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

e) Plant and equipment

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

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

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

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

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

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

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

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

f) Impairment of non-financial assets

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

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

g) Financial Instruments

(i) Recognition

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

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

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of loss and comprehensive loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of IFRS specifically applicable to financial instruments.

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

g) Financial Instruments (cont'd)

(iii) 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 statement of financial position date which are classified as non-current assets.

(iv) Financial liabilities

Financial liabilities are initially recognised at fair value, less directly attributable transaction costs. Financial liabilities are subsequently measured at amortised cost.

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

(v) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The normal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flow at the current market interest rate that is available for similar financial instruments.

(vi) Impairment

The Company assesses at each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognised in the statement of loss and comprehensive loss.

(vii) 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 loss and comprehensive loss.

h) Cash and cash equivalents

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

i) Foreign currency translation

(i) Functional and presentation currency

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

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

i) Foreign currency translation (cont'd)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of loss and comprehensive loss, 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 President and 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. At the statement of financial position date the Group is transitioning its focus from iron ore exploration and evaluation to lithium exploration and evaluation.

k) Trade and other payables

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

l) Leases

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

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

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

m) Provisions

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

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

n) Employee benefits

(i) Wages and salaries, annual leave and superannuation

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

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

n) Employee benefits (cont'd)

(ii) Other long term employee benefits

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

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

(iii) Share-based compensation

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. 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 Company is required to settle. Such costs arising from the decommissioning of plant, exploration and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the Company operates.

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

p) Goods and services tax

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

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

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

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

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

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

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

(i) Deferred Tax Balances

Deferred income tax 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.

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

t) Revenue recognition

Revenue is recognised for the major business activities as Interest Income. Interest income is recognised on a time proportion basis using the effective interest method.

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

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

(i) Exploration and Evaluation Expenditure (Note 12)

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

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

(ii) Deferred tax assets

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

(iii) Going concern

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

(iv) Share-based payment transactions

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 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 $177,436 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 16). For financial assets and liabilities their fair values approximate carrying values due to their short term nature.

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

u) New Accounting Standards for Application in Future Periods

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

IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 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: Financial risk management

Financial risk factors

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

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

a) Credit risk

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

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

Exposure to credit risk

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

	2017	**2016**
	$	**$**
Financial assets		
Cash and cash equivalents	**807,229**	267,841
Other receivables	**153,434**	34,701
Security Deposits	**92,106**	92,106
	1,052,769	394,648

The Company's receivables include interest receivable and current outstanding taxation payments recoverable from the Australian Government.

(Expressed in Australian Dollars)

Note 3: Financial risk management (cont'd)

a) Credit risk (cont'd)

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

	2017 $	2016 $
Australia	**153,434**	34,701
Canada	**-**	-
	153,434	34,701

b) Liquidity risk

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

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

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

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

The Company believes that it has sufficient funds to meet its obligations for the foreseeable future.

Exposure to liquidity risk

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

As at March 31, 2017	**Less than 3 months $**	**Between 3 months and 1 year $**	**Between 1 year and 3 years $**
Trade Payables	**616,200**	**-**	**-**
As at March 31, 2016			
Trade Payables	229,687	-	-

Note 3: Financial risk management (cont'd)

(Expressed in Australian Dollars)

c) Interest rate risk

The Company'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 Company's interest-bearing financial instruments was:

	2017 $	2016 $
Interest-bearing financial instruments		
Financial assets	**899,335**	359,947

Financial assets are comprised of:

	2017 $	2016 $
Cash equivalents	**807,229**	267,841
Security deposits	**92,106**	92,106
	899,335	359,947

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 2016.

	Profit or loss		Equity	
	100bp increase $	100bp decrease $	100bp increase $	100bp decrease $
March 31, 2017				
Interest-bearing financial instruments	**8,902**	**(8,902)**	**8,902**	**(8,902)**
March 31, 2016				
Interest-bearing financial instruments	3,599	(3,599)	3,599	(3,599)

Note 3: Financial risk management (cont'd)

c) Foreign currency risk

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

Exposure to currency risk

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

	AUD $	CAD $	AUD $	CAD $
	2017		2016	
Cash and cash equivalents	**798,349**	**8,880**	266,477	1,364
Receivables	**153,434**	**-**	34,701	-
Security Deposits	**92,106**	**-**	92,106	-
	1,043,889	**8,880**	f	1,364
Trade and other payables	**542,260**	**73,940**	448,773	54,849
Employee Benefits	**43,989**	**-**	47,037	-
Lease liability	**-**	**-**	-	-
Warrant liability	**-**	**508,463**	-	211,103
	586,249	**582,403**	495,809	265,952
Net exposure	**457,640**	**(573,523)**	(102,525)	(264,588)

The following significant exchange rates applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2017 $	2016 $	2017 $	2016 $
Canadian dollar (CAD$)	**1.0115**	0.9642	**1.0160**	0.9957

Sensitivity analysis

A 10% strengthening of the Australian dollar against the Canadian dollar at March 31, 2017 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 2016.

	Equity $	Profit or loss $
March 31, 2017		
CAD$	**58,270**	**58,270**
March 31, 2016		
CAD$	25,665	25,665

A 10% weakening of the Australian dollar against the Canadian dollar at March 31, 2017 would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

Note 3: Financial risk management (cont'd)

d) Commodity price risk

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

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

Note 4: Capital Management

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

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

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

As set out in Note 15, further equity was issued in the year, and a group restructure was undertaken.

There were no other changes in the Company's approach to capital management during the year ended March 31, 2017. The Company is not subject to externally imposed capital requirements.

(Expressed in Australian Dollars)

Note 5: Revenue and expenses

		2017 $	2016 $
a)	***Depreciation included in income statement***		
	Depreciation	**35,982**	103,384
b)	***Impairment expense***		
	Impairment of Exploration and Evaluation assets (Note 12)	**-**	55,851,937
	Impairment of Plant and Equipment (Note 11)	**-**	223,645
c)	***Employee benefits expense***		
	Personnel costs	**1,052,277**	1,141,456
	Share-based compensation	**177,436**	66,957
d)	***Professional fees include legal costs for the following matters:***		
	- LPD Holdings (Aust) Pty Ltd ("LPD") (Note 23(b))	**-**	4,681
	- First Strategic Development Corporation Limited ("FSDC") (Note 23(b))	**33,627**	74,070
e)	***Finance Revenue***		
	Bank interest income	**3,142**	19,944
f)	***Cost Recoveries from the following legal matters:***		
	- LPD (Note 23(b))	**-**	24,505
	- FSDC (Note 23(b))	**98,321**	493,888
g)	***Exploration & evaluation expenditure & IPO costs***		
	Expenditure in the year (Note 12)	**1,111,114**	83,766
	IPO Costs incurred [1]	**483,365**	-
h)	***Other:***		
	- Gain on sale of asset (Motor Vehicles)	**1,816**	142,648
	- Net foreign exchange gain	**930**	7,015
	- Finance costs	**9,181**	9,125
i)	***Change in fair value of warrant liability:***		
	- Change in fair value of warrant liability (Note 16)	**297,360**	211,103

For details on the legal matters refer to Note 23.

On April 26, 2016, the Liquidator of FSDC paid a dividend of $98,321 to Macarthur, as an unsecured creditor of FSDC. In total, the Company has now recovered $2,020,580 relating to the FSDC matter.

[1] On 3 March 2017, the prospectus was lodged with Australian Securities and Investment Commission ("ASIC") in relation to Macarthur Australia's 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 A$0.20 per share to raise up to A$10 million. The minimum raise is for 25 million shares for A$5 million. On 5 July 2017, Macarthur Australia withdrew its prospectus for ASX IPO due to market conditions.

(Expressed in Australian Dollars)

Note 6: Income tax

	2017 $	2016 $
a) Income tax equivalent expense		
Current tax expense	**-**	-
Deferred tax expense	**-**	-
Income tax expense (credit) attributable to profit (loss) from continuing operations	**-**	-

	2017 $	2016 $
b) Reconciliation of income tax equivalent expense (credit) to prima facie tax equivalent payable		
Profit (loss) from continuing operations before income tax expense	**(3,874,581)**	(58,608,070)
Tax at Australian tax rate of 28.5%(2017); 30%(2016)	**(1,104,255)**	(17,582,421)
Adjustment for the tax effect of:		
Impairment expense	**-**	16,822,675
Change in fair value of warrant liability	**84,748**	63,331
Share based payments	**50,568**	20,087
Other	**2,273**	(2,090)
Exploration expenditure capitalised	**-**	(315,514)
Change in Australian tax rate to 27.5%	**33,918**	-
Income not assessable in current year	**-**	-
	(932,748)	(993,932)
Income tax losses and temporary differences not carried forward as deferred tax assets	**932,748**	993,932
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 March 31, 2017 was 28.5% 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 May 9, 2017 and was effective for income years commencing from July 1, 2016. As a result, any relevant deferred tax balances have been remeasured.

Deferred tax in the year to March 3, 2017 has been measured using the effective rate that will apply in Australia to Macarthur Minerals from April 1, 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 February 27, 2017, when Macarthur Australia issued shares to certain seed investors and it ceased to be a wholly owned subsidiary of Macarthur Minerals.

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

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

(Expressed in Australian Dollars)

Note 6: 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
	$	$	$
2017			
Tax losses	**72,816,394**	**5,108,369**	**77,924,763**
Potential benefit	**20,024,508**	**1,404,801**	**21,429,310**
2016			
Tax losses	69,875,584	5,095,438	74,971,022
Potential benefit	20,962,676	1,528,631	22,491,307

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 7: 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 potentially dilutive options and warrants. 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.

	2017	2016
	$	$
Net loss for the year (members of parent entity)	**(3,825,495)**	(58,608,070)
	Number	**Number**
Weighted average number of ordinary shares for basic earnings per share	**120,113,637**	72,480,128
Weighted average number of ordinary shares for diluted earnings per share	**120,113,637**	72,480,128

The Company's outstanding options and warrants that did not have a dilutive effect at March 31, 2017 were 19,907,009 options and 7,500,000 warrants (refer to Note 18). There were no options or warrants that had a dilutive effect, as the Group is in a loss position.

(Expressed in Australian Dollars)

Note 8: Cash and cash equivalents

	2017 $	2016 $
Cash at bank and in hand		
Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates	**807,229**	267,841
	807,229	267,841

The fair value of cash and cash equivalents is $807,229 (2016: $267,841)

	2017 $	2016 $
Reconciliation of net loss after income tax to the net cash flows from operations		
Net Loss	**(3,874,581)**	(58,608,070)
Adjustments for:		
Impairment expense – exploration and evaluation assets	**-**	55,851,937
Impairment expense – plant and equipment	**-**	223,645
Gain on disposal of equipment	**(1,816)**	(142,648)
Depreciation	**35,982**	103,384
Share-based payments	**177,436**	66,957
Change in fair value of warrant liability	**297,360**	211,103
Changes in Assets and Liabilities		
Receivables	**(118,733)**	4,946
Other operating assets	**4,440**	51,435
Accounts payable and accrued liabilities	**109,531**	72,316
Net cash used in operating activities	**(3,370,381)**	(2,164,995)

Supplemental disclosure with respect to cash flows

	2017 $	2016 $
Cash paid during the year for interest	**9,181**	9,125
Cash paid during the year for income taxes	**-**	-

During the year ended March 31, 2017, the Company entered into the following non-cash transactions:

a) Recorded $87,368 in exploration expenditures through accounts payable.
b) Recorded $15,740 in receivables as a recovery of exploration expenditures.
c) Issued 2,000,000 of common shares valued at $196,040 as a prepayment (Note 10).

During the year ended March 31, 2016, the Company entered into the following non-cash transactions:

d) Recorded $96,462 in exploration expenditures through accounts payable.
e) Recorded $7,765 in receivables as a recovery of exploration expenditures.

Note 9: Other Receivables

	2017 $	2016 $
Other receivables	**153,434**	34,701
	153,434	34,701

(Expressed in Australian Dollars)

Note 10: Security Deposits and Prepayments

	2017	2016
	$	$
Prepayments(i)	**205,028**	13,428
Security deposits	**92,106**	92,106
	297,134	105,534

(i) Prepayments include $196,040 deposit on Stonewall Lithium Project (refer to Note 24(e)).

Note 11: Plant and equipment

	Plant & Equipment	Motor Vehicles	Office Equipment	Total
	$	$	$	$
Year ended March 31, 2016				
Opening net book value	365,557	59,484	43,476	**468,517**
Disposals	-	(30,894)	(1,912)	**(32,806)**
Depreciation charge	(55,406)	(28,590)	(19,388)	**(103,384)**
Impairment	(223,645)	-	-	**(223,645)**
Closing net book amount	86,506	-	22,176	**108,682**
At March 31, 2016				
Cost or fair value	654,217	408,351	392,745	**1,455,313**
Accumulated depreciation	(344,066)	(408,351)	(370,569)	**(1,122,986)**
Impairment	(223,645)	-	-	**(223,645)**
Net book amount	86,506	-	22,176	**108,682**
Year ended March 31, 2017				
Opening net book value	86,506	-	27,771	**114,277**
Additions	-	-	-	**-**
Disposals	-	-	909	**909**
Depreciation charge	(29,274)	-	(6,708)	**(35,982)**
Closing net book amount	57,232	-	21,972	**79,204**
At March 31, 2017				
Cost or fair value	654,217	-	393,357	**1,047,574**
Accumulated depreciation	(373,340)	-	(371,385)	**(744,725)**
Impairment	(223,645)	-	-	**(223,645)**
Net book amount	57,232	-	21,972	**79,204**

Note 12: Exploration and Evaluation Assets

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

At March 31, 207 the Company held 90.3% of the outstanding and issued share capital of Macarthur Australia. Macarthur Australia's wholly owned subsidiaries MIO and MLi hold assets which include the Iron Ore Projects and lithium exploration projects, respectively. Macarthur Minerals also holds 100% of Macarthur Lithium Nevada Limited ("MLiNV"), which is acquiring lithium exploration projects in Nevada (refer to Note 24(d)).

The carrying value of exploration and evaluation assets does not include expenditure the lithium projects as these are currently in acquisition status (refer to Note 24(e)).

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

(Expressed in Australian Dollars)

Note 12: 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 the prior year, along with the carrying value, resulting in an impairment change 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.

Costs incurred on the projects in the current year totalling $1,111,114 have been expensed.

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

Exploration and evaluation expenditure

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

(Expressed in Australian Dollars)

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

	Acquisition Costs $	Deferred Exploration Costs $	Total $
Incurred during the year			
Accommodation and camp maintenance	-	-	-
Drilling	-	-	-
E30/317 acquisition cost	-	-	-
Environmental surveys	-	-	-
Other	-	-	-
Personnel and Contractors	-	-	-
Rent and rates	-	-	-
Research and reports	-	-	-
Sampling and testing	-	-	-
Site preparation and earthwork	-	-	-
Tenement management and outlays	-	-	-
Travel	-	-	-
Vehicle hire	-	-	-
Government Recoveries	-	-	-
E&E Impairment	-	-	-
	-	**-**	**-**
Balance as at March 31, 2017	**3,834,051**	**2,165,949**	**6,000,000**

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

Commitments

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

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

	2017 $	2016 $
Not later than one year	**803,973**	1,431,443
Later than one year but not later than five years	**3,791,606**	6,316,062
	4,595,579	7,747,505

For the financial year ending March 31, 2017, the Company may and intends to apply for exemptions against expenditure in relation to those tenements which did not have sufficient expenditure recorded against them in the prior 12 months of their term. Exemption has and may be sought on the basis that aggregate expenditure on those tenements in prior years far exceeded the minimum required. In the event that exemption for these tenements is not granted (which the Company believes is highly unlikely), the Company may have to impair/expense the value of the amount capitalised to exploration and evaluation assets for those tenements.

(Expressed in Australian Dollars)

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

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

	2017 $	2016 $
Not later than one year	**643,096**	323,206
Later than one year but not later than five years	**3,791,606**	6,316,062
	4,434,702	6,639,268

As at 31 March 2017, the Company also has a number of exploration tenement applications in process, and a contractual commitment on the Stonewall project (refer Note 24 (e)).

On 15 February, 2017, MLi entered into a Convertible Note Deed with Alemar Developments Pty Ltd to issue a secured convertible redeemable note for $1,000,000 to purchase Yalgoo Exploration Pty Ltd pursuant to MLi's first right of refusal under the Minerals Rights Deed or for exploration purposes associated with MLi's lithium tenements. To date, no notes have been issued. The funds are currently held in trust until such time as the conditions precedents are met and the Notes are issued.

Note 13: Accounts payable and accrued liabilities

	2017 $	2016 $
Current		
Trade creditors	**356,243**	229,687
Other creditors and accruals	**259,957**	113,189
	616,200	342,876
Non–Current		
Remuneration accruals (Refer to Note 21)	**-**	160,746

Note 14: Employee Benefits

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

	2017 $	2016 $
Current		
- Short term employee obligations	**33,132**	37,747
Non-current:		
- Long service leave entitlements	**10,857**	9,289
	43,989	47,036

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

(Expressed in Australian Dollars)

Note 15: Contributed equity and reserves

a) *Ordinary Shares*

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

	2017 $	2016 $
Ordinary shares		
Issued and fully paid	**92,199,295**	89,556,838
	Number	**Number**
Number of shares on issue	**139,800,973**	81,623,799

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

Further issue of 8,500,000 million shares took place subsequent to March 31, 2017, see Note 24.

b) *Reserves*

Share Based Payments Reserve	2017 $	2016 $
As at April 1	**3,835,927**	3,768,970
Cost of share-based payment transactions	**177,436**	66,957
Re-allocation of share reserves	**-**	-
As at March 31	**4,013,363**	3,835,927

c) *Nature and purpose of reserves*

Share-based payment reserve

The Company 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.

Note 16: Warrant liability

During the year ended March 31, 2017, equity offerings were completed whereby 15,000,000 warrants were issued with exercise prices denominated in Canadian dollars (March 31, 2016 – 25,603,169). Where the warrants have an exercise price denominated in a currency which is different from the functional currency of the Company (Australian dollar), the warrants are treated as a financial liability. The Company's share purchase warrants are classified and accounted for as a financial liability at fair value with changes in fair value recognized in the Consolidated Statement of Profit or Loss and Comprehensive Income. The warrant derivative liability is classified as level 2 in the fair value hierarchy. As of March 31, 2017, the Company had 7,500,000 (2016 – 25,603,169) warrants outstanding, which are classified and accounted for as a financial liability and is valued at $508,463 (March 31, 2016 - $211,103). The Company recognised an expense of $297,360 from changes in the fair value of the warrant liability during the year ended March 31, 2017 (March 31, 2016 - $211,103). The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of the Canadian dollar denominated warrants.

	Year ended March 31, 2017	Year ended March 31, 2016
	Weighted average	*Weighted average*
Share price	**CAD $0.15**	CAD $0.023
Exercise price	**CAD $0.05**	CAD $0.05
Risk-free interest rate	**0.52%**	0.50%
Expected life of warrants	**1 year**	1 year
Annualized volatility	**204.21%**	183.01%
Dividend rate	**0%**	0%

Note 17: Share Compensation Plans

The Company, in accordance with the Company's Employee and Consultant Share Compensation Plans ("Plans") and the policies of the TSX-V, is authorized to grant incentive stock options ("Options"), award equity restricted share units, or bonus shares or issue common shares from treasury pursuant to the Company's share purchase scheme to directors, employees and consultants to acquire in aggregate up to 20% of issued and outstanding ordinary shares as at August 31, 2016, being 122,048,318 Common Shares. Both of the Plans were approved on August 31, 2016 by the shareholders and replaces the Company's previous Plans.

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

The Company's part owned subsidiary, Macarthur Australia Limited, also has share compensation plans in place (see Note 18(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 15). For further detail on the accounting treatment of share options refer to Note 2 accounting policies.

(Expressed in Australian Dollars)

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

a) Options

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

	2017		2016	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	**5,500,000**	**$0.05 (CAD$0.05)**	2,175,000	$0.28 (CAD$0.27)
Granted	**20,209,664**	**$0.05 (CAD$0.06)**	8,900,000	$0.05 (CAD$0.05)
Exercised	**(4,802,655)**	**$0.05 (CAD$0.05)**	-	-
Forfeited	**-**	**-**	(1,700,000)	$0.20 (CAD$0.20)
Expired	**(1,000,000)**	**$0.05 (CAD$0.05)**	(3,875,000)	$0.11 (CAD$0.11)
Outstanding, end of period	**19,907,009**	**$0.06 (CAD$0.06)**	5,500,000	$0.05 (CAD$0.05)
Options exercisable, end of year	**19,907,009**	**$0.06 (CAD$0.06)**	5,500,000	$0.05 (CAD$0.05)

Share options under the Company's Plans outstanding at 31 March, 2017 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
500,000	CAD$ 0.10	29 Jun 2017
280,000	CAD$ 0.046	13 May 2018
1,620,000	CAD$ 0.05	1 Sept 2018
1,330,000	CAD$ 0.05	13 Apr 2019
3,540,000	CAD$ 0.0525	10 Jul 2019
12,637,009	CAD$ 0.06	21 Sep 2019

During the year the Company's share price has ranged from CAD$0.03 to CAD$0.18. The weighted average remaining contractual life for the share options as at March 31, 2017 is 2.25 years.

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

(Expressed in Australian Dollars)

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

b) Warrants

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

	Year ended March 31, 2017		Year ended March 31, 2016	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	**25,603,169**	**$0.05 (CAD$0.05)**	-	-
Granted	**15,000,000**	**$0.05 (CAD$0.05)**	25,603,169	$0.05 (CAD $0.05)
Exercised	**(32,624,519)**	**$0.05 (CAD$0.05)**	-	-
Forfeited	**-**	**-**	-	-
Expired	**(478,650)**	**$0.05 (CAD$0.05)**	-	-
Outstanding, end of year	**7,500,000**	**$0.05 (CAD$0.05)**	25,603,169	$0.05 (CAD $0.05)

Warrants outstanding at March 31, 2017 have the following exercise prices and expiry dates:

Number of Warrants	Exercise Price	Expiry Date
7,500,000	CAD$0.05	May 9, 2017

The weighted average remaining contractual life for the warrants as at March 31, 2017 is 0.10 years.

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

Note 18 (ii): Macarthur Australia Limited - Options and Performance Rights

a) Options

On March 3, 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.

On July 5, 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 March 31, 2017

On March 3, 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 A$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.

(Expressed in Australian Dollars)

Note 18 (ii): Macarthur Australia Limited - Options and Performance Rights (cont'd)

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	**2017**		2016	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	**-**	**-**	-	-
			-	-
Granted	**30,315,395**	**$0.20 (CAD$0.20)**	-	-
Exercised	**-**	**-**	-	-
Forfeited	**-**	**-**	-	-
Expired	**-**	**-**	-	-
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)**	-	-

Options under Macarthur Australia's ESOP outstanding at March 31, 2017 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
30,315,395	$ 0.20	March 3, 2022

b) Performance Rights

On March 3, 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.

On July 5, 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 March 31, 2017

On March 3, 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.

(Expressed in Australian Dollars)

Note 18 (ii): Macarthur Australia Limited - Options and Performance Rights (cont'd)

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	**2017**		2016	
	Number of Performance Rights	**Weighted Average Exercise Price**	Number of Performance Rights	Weighted Average Exercise Price
Outstanding, beginning of year	**-**	**-**	-	-
			-	-
Granted	**30,315,395**	**NIL**	-	-
Exercised	**-**	**-**	-	-
Forfeited	**-**	**-**	-	-
Expired	**-**	**-**	-	-
Outstanding, end of period	**30,315,395**	**NIL**	-	-
Performances rights exercisable, end of period	**30,315,395**	**NIL**	-	-

Options under Macarthur Australia's EPRP outstanding at March 31, 2017 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
30,315,395	NIL	March 3, 2022

Note 19: Share Based Payments

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

The fair value calculated for options issued is expensed over their vesting period as share based compensation in the statement of loss and comprehensive loss and a corresponding amount is recorded to reserves. The weighted average fair value of options granted during the period was $0.009 (March 2016 - $0.008). Refer to Note 18 for details of options granted during the period.

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

	Year ended March 31, 2017	Year ended March 31, 2016
	Weighted average	*Weighted average*
Share price	**CAD$0.058**	CAD $0.026
Exercise price	**CAD $0.06**	CAD $0.05
Risk-free interest rate	**0.55%**	0.46%
Expected life of options	**3.0 years**	2.7 years
Annualized volatility	**73.00%**	77.36%
Dividend rate	**0%**	0%

(Expressed in Australian Dollars)

Note 19: Share Based Compensation (cont'd)

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

Note 20: Related Party Transactions

a) Related party disclosure

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**	**2017**	**2016**
Macarthur Midway Pty Ltd	Australia	100	100
Macarthur Iron Ore Pty Ltd	Australia	A	100
Macarthur Lithium Pty Ltd	Australia	A	100
Macarthur Minerals NT Pty Ltd	Australia	100	100
Macarthur Tulshyan Pty Ltd	Australia	100	100
Batchelor Project Pty Ltd	Australia	100	100
Macarthur Australia Limited	Australia	90.3	-
Macarthur Lithium Nevada Limited	U.S.A	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.

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, 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. Subsequent to March 31, 2017, the IPO was withdrawn and costs of $483,365 have been expensed.

Non-controlling interest in Macarthur Australia total 9.7%, and the Company is seeking to further restructure those interest (see Note 24(d)).

Note 21: Key Management Personnel

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

Non-Executive Directors
Cameron McCall, Non-Executive Chairman
Alan Phillips, Non-Executive Director (resigned as Executive Director on January 1, 2017)
David Lenigas, Non-Executive Director (appointed July 11, 2016)

Executive Directors
David Taplin, President, CEO and Director

(Expressed in Australian Dollars)

Note 21: Key Management Personnel (cont'd)

Details of Remuneration

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

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 April 1, 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. The amount unpaid as at 31 March 2017 is $31,166.

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

Total remuneration of each key management personnel of the Company for the year ended March 31, 2016 is set out below.

2016	**Short Term Employee Benefits**				**Post-Employment Benefits**		**Share Based Payments**	
Executive Directors:	Cash Salary & Fees	Accrued Salaries	Cash Bonus	Non-monetary benefits	Super-annuation	Retirement Benefits	Options	Total
	$	$	$	$	$	$	$	$
A Phillips	183,834	105,746	-	-	-	-	6,108	295,688
D Taplin	200,000	55,000	-	-	-	-	6,108	261,108
A J Phillips[1]	183,333	-	-	-	-	-	6,108	189,441
Non-Executive Directors:								
C McCall	60,000	-	-	-	-	-	16,474	76,474
E Evans[1]	40,000	-	-	-	-	-	16,474	56,474
J Starink[2]	2,167	-	-	-	-	-	-	2,167
Total	**669,334**	**160,746**	**-**	**-**	**-**	**-**	**51,272**	**881,357**

[1] J Starink was paid $23,935 for consulting services to the Company in September to December 2014.
[2] Resigned 28 April 2015.

Remuneration accrued and payable to key management personnel as at March 31, 2016 was $204,913.

(Expressed in Australian Dollars)

Note 22: Commitments

	2017	2016
	$	$
a) Operating Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities:		
Within one year	-	-
Later than one year but not later than five years	-	-
Non-cancellable operating lease	-	-

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

b) Exploration Expenditures

Certain future exploration expenditures are required to be undertaken by the Company as a minimum retention for exploration permits. These expenditures were set out in Note 12.

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

Note 23: Contingent Liabilities

a) Security Bonds

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

b) Supreme Court Proceedings

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

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

LPD brought New Proceedings against the Company and some of its directors in November 2012 substantially on the same grounds, following dismissal of the Initial Proceedings. On November 26, 2013 the New Proceedings were stayed by consent pending payment of the indemnity costs of the dismissed Initial Proceedings and the appeal costs by LPD and Mayson.

To date, the Company has recovered costs of $476,020 from LPD and Mayson for the indemnity costs of the dismissed Initial Proceedings and the appeal costs by LPD and Mayson. LPD has paid $347,474 to the directors and officers of the Initial Proceedings for the indemnity costs of the dismissed Initial Proceedings and the appeal costs by LPD and Mayson.

No steps have been taken in the New Proceedings by the plaintiff since January 22, 2015.

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

Note 23: Contingent Liabilities (cont'd)

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.

The Company and two of its officers have applied to the Supreme Court of Queensland to strike out the FSDC Directors' Claim, which was heard on August 31, 2016. Bond J delivered judgment on 1 March 2017 and struck out various paragraphs of the statement of claim, and has given FSDC Directors' leave to re-plead in respect of each of those paragraphs which have been struck out. The FSDC Directors are yet to file their amended pleadings. In addition, the FSDC Directors paid into the Supreme Court of Queensland $75,000 as security for costs for the strike out application.

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

Pilbara Lithium Projects – s111 A Request

On 24 May 2017, MLi was informed by the Department of Mines and Petroleum that the Mr Steven Parnell ("Parnell"), sole director and shareholder of Black Range Mining Pty Ltd ("BRM") has requested to the Minister of Mines and Petroleum to exercise his power under section 111A of the Mining Act 1978 (WA) and refuse MLi's applications for exploration licences in the public interest ("s111A Request"). MLi's applications relate to the Pilbara Lithium Projects.

MLi has made submission to the Minister of Mines and Petroleum that Parnell's s111A Request be immediately dismissed.

Note 24: Subsequent Events

a) Options

Since the year end and up to the date of this report 500,000 Options have expired.

b) Warrants

Since the year end and up to the date of this report 7,500,000 warrants have been exercised raising CAD$375,000 and 34,907,782 warrants were issued.

c) Non-brokered Private Placement to Alpha Giant

On June 7, 2017, the Company announced a non-brokered private placement of up to 8,000,000 shares at a price of CAD$0.0675 per Share for aggregate gross proceeds of up to CAD$540,000 to Alpha Giant Limited, a private Chinese investment company. Alpha Giant Limited did not complete the private placement and no shares were issued.

d) 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 CAD$0.05 per Unit for a total consideration of $2.5 million. Each Unit shall be comprised of one common share in the capital of the Company (each, a "Common Share") and one whole warrant to acquire a Common Share at an exercise price of CAD$0.06 per Common Share exercisable until February 16, 2018.

On July 26, 2017, the Company closed Tranche 1 of the Offering, having received subscriptions for 34,907,783 Units for total consideration of C$1,745,389 from Macarthur Australia seed investors and some applicants for the withdrawn ASX IPO.

Note 24: Subsequent Events (cont'd)

The Company now holds 99.7% interest in Macarthur Australia. The Company intends to buy-back the remaining shares in Macarthur Australia representing 0.3% as part of Tranche 2 to return it to a wholly owned subsidiary of the Company.

The Company intends to close Tranche 2 of the Offering as soon as practicable.

In connection with the Offering, the Company may pay finder's fees up to 8% of the gross proceeds of the Offering.

e) Stonewall Project Final Payment

On July 13, 2017, the Company issued 1 million ordinary shares to Voltaic Minerals Corp at CAD$0.07 per share, in lieu of the cash payment of US$50,000, as final payment to acquire the Stonewall Lithium Project.