MACARTHUR Minerals

MACARTHUR MINERALS LIMITED

Australian Company Number 103 011 436

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

All amounts are in Australian dollars unless otherwise stated

Consolidated Financial Statements – March 31, 2018

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 25, 2018. The directors have the power to amend and reissue the financial statements.

DAVIDSON & COMPANY LLP Chartered Professional Accountants

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, 2018 and 2017, 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, 2018 and 2017 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 25, 2018

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

	Notes	2018 $	2017 $
EXPENSES			
Depreciation	5(a)	**(33,952)**	(35,982)
Investor relations		**(108,967)**	(21,182)
Office and general expenses		**(1,704,733)**	(1,490,222)
Personnel costs	5(b)	**(1,274,148)**	(1,052,277)
Professional fees	5(c)	**(606,451)**	(355,414)
Rent		**(119,689)**	(140,880)
Share-based compensation	5(b)	**(112,063)**	(177,436)
Share Registry, filing and listing fees		**(128,429)**	(146,715)
Travel and accommodation		**(201,622)**	(260,392)
		(4,290,054)	(3,680,500)
OTHER INCOME (EXPENSES)			
Interest income	5(d)	**9,043**	3,142
Other income - cost recoveries	5(e)	**530,000**	98,321
Net other income		**-**	1,816
Change in fair value of warrant liability	5(h)	**361,977**	(297,360)
Net loss and comprehensive loss for the year		**(3,389,034)**	(3,874,581)
Attributable to:			
Members of the parent entity		**(3,389,034)**	(3,825,495)
Non-controlling interest		-	(49,086)
		(3,389,034)	(3,874,581)
Basic loss per ordinary share	7	**(0.02)**	(0.03)
Diluted loss per ordinary share	7	**(0.02)**	(0.03)

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	2018 $	2017 $
ASSETS			
Current			
Cash and cash equivalents	8	**1,370,288**	807,229
Other receivables	9	**79,908**	153,434
Security deposits and prepayments	10	**66,500**	297,134
Total current assets		**1,516,696**	1,257,797
Non-Current			
Plant and equipment	11	**48,873**	79,204
Exploration and evaluation assets	12	**6,204,026**	6,000,000
Total non-current assets		**6,252,899**	6,079,204
Total assets		**7,769,595**	7,337,001
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	13	**443,762**	616,200
Employee benefits	14	**36,488**	33,132
Warrant liability	16	**146,486**	508,463
Total current liabilities		**626,736**	1,157,795
Non-Current			
Employee benefits	14	**13,786**	10,857
Total non-current liabilities		**13,786**	10,857
		640,522	1,168,652
Shareholders' equity			
Contributed equity	15(a)	**97,905,030**	92,199,295
Reserves	15(b)	**4,125,426**	4,013,363
Deficit		**(94,901,383)**	(91,463,263)
		7,129,073	4,749,395
Non-controlling interests Contributed Equity		**-**	1,418,954
Total shareholders' equity		**7,129,073**	6,168,349
Total liabilities and shareholders' equity		**7,769,595**	7,337,001

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 ***"Earl Evans"*** 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, 2016	81,623,799	89,556,838	(87,637,768)	3,835,927	-	5,754,997
Net loss for the year	-	-	(3,825,495)	-	(49,086)	(3,874,581)
Share-based payment transactions	-	-	-	177,436	-	177,436
Recognition of non-controlling interests (Note 20)	-	-	-	-	1,468,040	1,468,040
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
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
Net loss for the year	-	-	(3,389,034)	-	-	(3,389,034)
Share-based payment transactions	-	-	-	112,063	-	112,063
Derecognition of non-controlling interests (Note 20)	-	-	(49,086)	-	(1,418,954)	(1,468,040)
Private placements	41,975,407	2,116,829	-	-	-	2,116,829
Rights Offering	31,712,730	1,945,576	-	-	-	1,945,576
Exercise of warrants	22,892,317	1,307,678	-	-	-	1,307,678
Shares issued for exploration and evaluation	2,067,045	136,226	-	-	-	136,226
Bonus Shares to Executives (Note 21)	3,852,942	295,968	-	-	-	295,968
Share issuance costs	-	(96,542)	-	-	-	(96,542)
Balance at March 31, 2018	**242,301,414**	**97,905,030**	**(94,901,383)**	**4,125,426**	**-**	**7,129,073**

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	2018 $	2017 $
OPERATING ACTIVITIES			
Payments to suppliers and employees		**(3,415,997)**	(3,462,663)
Interest received		**9,043**	3,142
Other Income – cost recoveries		**530,000**	98,321
Interest Paid		**(8,768)**	(9,181)
Net cash flows used in operating activities	8	**(2,885,722)**	(3,370,381)
INVESTING ACTIVITIES			
Net proceeds (purchases) of plant and equipment		**(3,621)**	(6,504)
Exploration and evaluation additions (recoveries)		**(139,110)**	1,816
Net cash flows used in investing activities		**(142,731)**	(4,688)
FINANCING ACTIVITIES			
Proceeds from share issues		**3,628,054**	2,460,287
Proceeds from share issues (non-controlling interests)		**-**	1,468,040
Share issuance costs		**(36,542)**	(13,870)
Net cash flows provided by financing activities		**3,591,512**	3,914,457
Change in cash and cash equivalents during the year		**563,059**	539,388
Cash and cash equivalents, beginning of the year		**807,229**	267,841
Cash and cash equivalents, end of year	8	**1,370,288**	807,229

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

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

Note 1: Nature and Continuance of Operations

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

As at 31 March 2018, the Company has the following subsidiaries:

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

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 $3,389,034. The Company's cash and cash equivalents balance at the reporting date is $1,370,288.

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

b) Going concern (cont'd)

The Company's continuing operations are dependent upon its ability to raise either additional equity capital or other funding, project financing or generate cash flow from operations in the future, which could include the realisation through sale of part or all exploration assets, none of which is assured. This depends upon the realisation of economic, operating and trading assumptions about future events and actions, which may not necessarily occur, and the successful implementation of management plans to commercialise its mining projects through development or sale and to manage the 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.

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

This financial report does not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary, should the 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 loss and comprehensive loss.

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

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

All other exploration and evaluation expenditure is expensed as incurred. Exploration and evaluation expenditure previously capitalised but which no longer satisfies the above policy is impaired and expensed to the Statement of Loss and 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% Straight-line Method 22.5% Diminishing Value Method
Office Equipment	10% to 33.33% Straight-line Method 37.5% Diminishing Value Method

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

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

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

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

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

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

i) Foreign currency translation

(i) Functional and presentation currency

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

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 hedges.

j) Segment Reporting

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

k) Trade and other payables

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

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 such 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 relevant Black-Scholes model as measured on the grant date. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the equity, and the estimated forfeiture rate for market based vesting conditions. During the reporting period the amount of $112,063 has been shown as share-based compensation.

v) Fair Value Measurement

There are no assets or liabilities measured at fair value on a recurring basis after initial recognition, other than the warrant liability (Note 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.

IFRS 15, "Revenue from Contracts with Customers" is effective for annual periods beginning on or after January 1, 2018.

New standard to establish principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Company expects no material impact from the adoption of IFRS 15.

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

New standard to establish principles for recognition, measurement, presentation, and disclosure of leases with an impact on lessee accounting, This standard has not yet been adopted by the Company and is being evaluated to determine its impact.

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

Note 3: Financial Instruments and Financial risk management

Fair Value

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

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

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

Note 3: Financial risk management (cont'd)

Financial risk factors

The Company's principal financial instruments are cash and cash equivalents, the main purpose of which is to fund the Company's operations. The Company has various other financial assets and liabilities such as security deposits, other receivables and trade payables, which arise directly from its operations. It is, and has been throughout the years ended March 31, 2018 and March 31, 2017, 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:

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

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

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

	2018 $	2017 $
Australia	**79,908**	153,434
Canada	**-**	-
	79,908	153,434

(Expressed in Australian Dollars)

Note 3: Financial risk management (cont'd)

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.

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, 2018	**Less than 3 months $**	**Between 3 months and 1 year $**	**Between 1 year and 3 years $**
Trade Payables	**443,762**	**-**	**-**
As at March 31, 2017			
Trade Payables	616,200	-	-

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:

	2018 $	**2017 $**
Interest-bearing financial instruments		
Financial assets	**1,434,987**	899,335

Financial assets are comprised of:

	2018 $	**2017 $**
Cash equivalents	**1,370,288**	807,229
Security deposits	**66,500**	92,106
	1,436,788	899,335

Note 3: Financial risk management (cont'd)

c) Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates on the above interest-bearing financial instruments at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

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

d) Foreign currency risk

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

Exposure to currency risk

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

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

The following significant exchange rates applied during the year:

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

(Expressed in Australian Dollars)

Note 3: Financial risk management (cont'd)

d) Foreign currency risk (cont'd)

Sensitivity analysis

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

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

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

e) Commodity price risk

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

As the Company has not yet reached the mining stage, its exposure to price risk has no impact on the financial statements, however price risk is a critical assumption for the Group's 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, 2018. The Company is not subject to externally imposed capital requirements.

(Expressed in Australian Dollars)

Note 5: Revenue and expenses

		2018 $	2017 $
a)	***Depreciation included in the statement of loss and comprehensive loss***		
	Depreciation	**33,952**	35,982
b)	***Employee benefits expense***		
	Personnel costs	**1,274,148**	1,052,277
	Share-based compensation	**112,063**	177,436
c)	***Professional fees include the following matters:***		
	- Legal costs	**231,358**	157,448
	- Exploration consultants	**234,075**	74,274
d)	***Finance Revenue***		
	Bank interest income	**9,043**	3,142
e)	***Cost Recoveries:***		
	- FSDC legal matter (Note 23(b))	**-**	98,321
	- MMPS (Yalgoo Project)	**300,000**	-
	Option Fee Income:		
	- Panorama Gold Project	**230,000**	-
f)	***Includes Exploration & evaluation expenditure & IPO costs of:***		
	Expenditure in the year (Note 12)	**1,218,812**	1,111,114
	Stonewall Project costs (Note 10, 15(a)(iv))	**267,349**	-
	IPO Costs incurred	**12,262**	483,365
g)	***Other:***		
	- Gain on sale of asset (Motor Vehicles)	**-**	1,816
	- Net foreign exchange gain	**7,116**	930
	- Finance costs	**8,768**	9,181
h)	***Change in fair value of warrant liability:***		
	- Change in fair value of warrant liability (Note 16)	**361,977**	297,360

(Expressed in Australian Dollars)

Note 6: Income tax

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

b) Change in tax rate

Changes in tax laws and rates may affect any recorded deferred tax assets and liabilities and the Company's effective tax rate in the future. The applicable tax rate as at 31 March 2018 was 27.5% on the basis that Macarthur Minerals was a Small Business Entity for the purposes of the tax law.

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

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

c) Tax consolidation

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

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

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

As a result of a potential reacquisition of the interest held by the seed investors in Macarthur Australia by Macarthur Minerals, Macarthur Australia and its wholly owned subsidiaries may rejoin the Macarthur Minerals Australian income tax consolidated group subsequent to 31 March 2018.

(Expressed in Australian Dollars)

Note 6: Income tax (cont'd)

d) Tax losses

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

	Tax losses from operations	Tax losses on capital raising expenses	Total
	$	$	$
2018			
Tax losses	**76,185,272**	**5,217,972**	**81,403,244**
Potential benefit	**20,950,950**	**1,434,942**	**22,429,309**
2017			
Tax losses	72,816,394	5,108,369	77,924,763
Potential benefit	20,024,508	1,404,801	21,429,310

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.

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

The Company's outstanding options, warrants and RSU's that did not have a dilutive effect at March 31, 2018 are set out in Note 18 and none had a dilutive effect, as the Group is in a loss position.

(Expressed in Australian Dollars)

Note 8: Cash and cash equivalents

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

The fair value of cash and cash equivalents is $1,370,288 (2017: $807,229)

	2018 $	2017 $
Reconciliation of net loss after income tax to the net cash flows from operations		
Net Loss	**(3,389,034)**	(3,874,581)
Adjustments for:		
Gain on disposal of equipment	**-**	(1,816)
Depreciation	**33,952**	35,982
Share-based payments – employees & other costs	**693,690**	177,436
Change in fair value of warrant liability	**(361,977)**	297,360
Changes in Assets and Liabilities		
Receivables	**73,526**	(118,733)
Other operating assets	**230,634**	4,440
Accounts payable and accrued liabilities	**(166,513)**	109,531
Net cash used in operating activities	**(2,885,722)**	(3,370,381)

Share based payments for employees total $112,063 (Note 18) and $581,627 for other operating costs (settled by issue of 7,476,201 ordinary shares).

Supplemental disclosure with respect to cash flows

	2018 $	2017 $
Cash paid during the year for interest	**8,768**	9,181
Cash paid during the year for income taxes	**-**	-

During the year ended March 31, 2018, the Company entered into the following non-cash transactions:

a) Recorded $92,704 in exploration expenditures through accounts payable.
b) Issued 30,019,864 common shares valued at $1,468,040 to settle the buy-back of Macarthur Australia (Note 20).
c) Issued 1,067,045 common shares valued at $64,916 capitalized to Exploration and Evaluation Assets.

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 common shares valued at $196,040 as a prepayment (Note 10).

(Expressed in Australian Dollars)

Note 9: Other Receivables

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

Note 10: Security Deposits and Prepayments

	2018 $	2017 $
Prepayments	**-**	205,028
Security deposits	**66,500**	92,106
	66,500	297,134

During the year ended March 31, 2018, the Company wrote-off $196,040 in prepayments related to the Stonewall Project. The Stonewall Project was not renewed based off geological results.

Note 11: Plant and equipment

	Plant & Equipment $	Office Equipment $	Total $
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
Year ended March 31, 2018			
Opening net book value	**57,232**	**21,972**	**79,204**
Additions	**1,811**	**1,810**	**3,621**
Disposals	**-**	**-**	**-**
Depreciation charge	**(28,992)**	**(4,960)**	**(33,952)**
Closing net book amount	**30,051**	**18,822**	**48,873**
At March 31, 2018			
Cost or fair value	**656,028**	**395,167**	**1,051,195**
Accumulated depreciation and impairment	**(625,977)**	**(376,345)**	**(1,002,322)**
Net book amount	**30,051**	**18,822**	**48,873**

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, 2018 the Company held 100% of the outstanding and issued share capital of Macarthur Australia. Macarthur Australia’s wholly owned subsidiaries MIO and MLi hold assets which include the Iron Ore Projects and lithium exploration projects, respectively. Macarthur Minerals also holds 100% of Macarthur Lithium Nevada Limited (“MLiNV”), which holds a lithium exploration project in Nevada.

(Expressed in Australian Dollars)

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

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

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 charge and write-down to estimated recoverable value of $6,000,000.

In the current year, global market conditions have improved however given ongoing uncertainty, carrying value has been maintained at $6,000,000. Exploration expenditure of $777,861(Note 5(f)) incurred during the year ended 31 March, 2018 were expensed to maintain the value of the Iron Ore exploration and evaluation assets down to the $6,000,000 valuation.

During the year ended March 31, 2018, the Company capitalised $204,026 in additions on Lithium Projects which it holds tenements for. Costs incurred on other Lithium projects in the current year totalling $440,951 (Note 5(f)) have been expensed, as the tenements are still under application.

Exploration and evaluation expenditure

	Acquisition Costs	Deferred Exploration Costs	Total
	$	$	$
Balance as at March 31, 2016	**3,834,051**	**2,165,949**	**6,000,000**
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**

(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	-	166,388	166,388
Drilling	-	14,676	14,676
E30/317 acquisition cost	-	-	-
Environmental surveys	-	1,129	1,129
Other	-	7,104	7,104
Personnel and Contractors	-	156,871	156,871
Rent and rates	-	212,038	212,038
Research and reports	-	139,497	139,497
Sampling and testing	-	60,636	60,636
Site preparation and earthwork	-	-	-
Tenement management and outlays	178,590	12,290	190,880
Travel	-	16,286	16,286
Vehicle hire	-	18,387	18,387
Government Recoveries	(2,005)	-	(2,005)
E&E expensed	-	(777,861)	(777,861)
	176,585	**27,441**	**204,026**
Balance as at March 31, 2018	**4,010,636**	**2,193,390**	**6,204,026**

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:

	2018	2017
	$	$
Not later than one year	**1,190,963**	803,973
Later than one year but not later than five years	**4,475,235**	3,791,606
	5,666,198	4,595,579

For the financial year ending March 31, 2018, the Company may apply for exemptions against expenditure in relation to those tenements which did not have sufficient expenditure recorded against them in the prior 12 months of their term. Exemption has and may be sought on the basis that aggregate expenditure on those tenements in prior years far exceeded the minimum required. In the event that exemption for these tenements is not granted (which the Company believes is highly unlikely), the Company may have to impair/expense the value of the amount capitalised to exploration and evaluation assets for those tenements.

(Expressed in Australian Dollars)

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

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

	2018 $	2017 $
Not later than one year	**720,255**	643,096
Later than one year but not later than five years	**4,475,235**	3,791,606
	5,195,491	4,434,702

Note 13: Accounts payable and accrued liabilities

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

Note 14: Employee Benefits

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

	2018 $	2017 $
Current		
- Short term employee obligations	**36,488**	33,132
Non-current:		
- Long service leave entitlements	**13,786**	10,857
	50,274	43,989

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

Note 15: Contributed equity and reserves

a) Ordinary Shares

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

	2018 $	2017 $
Ordinary shares		
Issued and fully paid	**97,905,030**	92,199,295
	Number	**Number**
Number of shares on issue	**242,301,414**	139,800,973

(Expressed in Australian Dollars)

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

a) *Ordinary Shares (cont'd)*

		2018	2017
At the beginning of the reporting period		**139,800,973**	81,623,799
Shares issued during the year:			
i.	9 May 2016 (CAD$0.02 per share)	**-**	15,000,000
ii.	25 October 2016(CAD$0.10 per share)	**-**	2,000,000
iii.	11 January 2017 (CAD$0.07 per share)	**-**	3,750,000
iv.	13 July 2017 (CAD$0.07 per share)	**1,000,000**	-
v.	27 July 2017 (CAD$0.05 per share)	**34,907,782**	-
vi.	21 Aug 2017 (CAD$0.05 per share)	**1,705,690**	-
vii.	21 Aug 2017 (CAD$0.06 per share)	**830,110**	
viii.	24 Aug 2017 (CAD$0.05 per share)	**40,686**	-
ix.	12 Sept 2017 (CAD$0.05 per share)	**4,491,139**	-
x.	28 Nov 2017 (CAD$0.085 per share)	**2,352,942**	-
xi.	13 Dec 2017 (CAD$0.06 per share)	**31,712,730**	-
xii.	1 Feb 2018 (CAD$0.0621 per share)	**803,944**	-
xiii.	13 Feb 2018 (CAD$0.0561 per share)	**263,101**	-
xiv.	20 Feb 2018 (CAD$0.06 per share)	**1,500,000**	-
xiv.	Exercise of options and warrants	**22,892,317**	37,427,174
At the end of the reporting period		**242,301,414**	139,800,973

Details of shares issued above are outlined below:

i. On 9 May 2016, 15,000,000 shares at CAD$0.02 per share were issued in connection with a Private Placement announced on 3 February 2016.

ii. On 25 October 2016, pursuant to a Purchase Agreement, 2,000,000 shares at CAD$0.10 per share were issued in connection with the acquisition of the Stonewall Project in Nevada, USA.

iii. On 11 January 2017, 3,750,000 shares at CAD$0.06 per share were issued in connection with a Private Placement announced on 10 January 2017.

iv. On 13 July 2017, pursuant to a Purchase Agreement, 1,000,000 shares at CAD$0.07 per share were issued in connection with the acquisition of the Stonewall Project in Nevada, USA. There costs were written-off to profit and loss as the Stonewall Project was not renewed based off geological results.

v. On 27 July 2017, 34,907,782 units at CAD$0.05 per unit were issued in connection with Tranche 1 of Private Placement announced on 7 July 2017. One unit comprised of one share and one warrant exercisable at CAD$0.06 per share, exercisable until 16 February, 2018 (Note 18). A total of 30,019,064 shares were issued in the Private Placement (refer to v., vi. vii, viii) in relation to the buy-back of Macarthur Australia (Note 20) and no cash was received.

vi. On 21 August 2017, 1,705,690 units at CAD$0.05 per unit were issued in connection with Tranche 2 of Private Placement announced on 7 July 2017. One unit comprised of one share and one warrant exercisable at CAD$0.06 per share, exercisable until 16 February, 2018 (Note 18).

vii. On 21 August 2017, 830,110 shares at CAD$0.06 per share were issued in connection with Tranche 2 of Private Placement announced on 7 July 2017. On 24 August 2017, 40,686 unit at CAD$0.05 per share were issued in connection with Tranche 3 of Private Placement announced on 7 July 2017. One unit comprised of one share and one warrant exercisable at CAD$0.06 per share, exercisable until 16 February, 2018 (Note 18).

viii. On 12 September 2017, 4,491,139 shares at CAD$0.05 per share were issued in connection with Tranche 4 of Private Placement announced on 7 July 2017. One unit comprised of one share and one warrant exercisable at CAD$0.06 per share, exercisable until 16 February, 2018.

(Expressed in Australian Dollars)

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

a) *Ordinary Shares (cont'd)*

ix. On 28 November 2017, pursuant to the Company's Share Compensation Plan, 2,352,942 Bonus Shares were issued to Cameron McCall and Joe Phillips at a value of CAD$0.085 per share, being the closing share price per share on the trading day immediately preceding the day on which they were issued (Note 21). Included in personnel costs in profit and loss.

x. On 13 December 2017, 31,712,730 shares at CAD$0.06 per unit were issued in connection with the Rights Offering announced on 23 October 2017. One unit comprised of one share and one warrant exercisable at CAD$0.20 for 12 months or as accelerated by the Company (Note 18). 2,226,499 of these units were issued in lieu of fees for no cash proceeds. The related expense has been recognised in profit and loss.

xi. On 1 February 2018, pursuant to an Option Agreement, 803,944 shares at CAD$0.0621 per share were issued in connection with the acquisition of tenement E45/4685, being $50,000 in shares at a 20 day VWAP on exercise of the option. Capitalised to Exploration and Evaluation assets as acquisition costs (Note 12).

xii. On 13 February 2018, pursuant to an Option Agreement, 263,101 shares were issued at CAD$0.0561 per share in connection with the acquisition of tenement E45/4764, being $15,000 in shares at a 5 day VWAP on exercise of the option. Capitalised to Exploration and Evaluation assets as acquisition costs (Note 12).

xiii. On 20 February 2018 pursuant to the Company's Share Compensation Plan, 1,500,000 Bonus Shares were issued to Earl Evans at a deemed price of C$0.06 per share, being the closing share price per Common Share on the TSX-V on the trading day immediately preceding the day on which they were issued (Note 21).

xiv. Refer to Note 18(i)(c).

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

b) Reserves

	2018	2017
Share Based Payments Reserve	**$**	**$**
As at April 1	**4,013,363**	3,835,927
Cost of share-based payment transactions	**534,472**	177,436
As at March 31	**4,547,835**	4,013,363

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

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

Note 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, 2017, being 185,785,241 Common Shares. Both of the Plans were approved on August 31, 2017 by the shareholders and replaces the Company's previous Plans.

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

The Company's wholly 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, RSUs and Warrants

a) Options

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

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

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

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

During the year the Company's share price has ranged from CAD$0.045 to CAD$0.12. The weighted average remaining contractual life for the share options as at 31 March, 2018 is 1.77 years. The weighted average value of options issued in the year is $0.01 (2017: $0.05). The total share based compensation expense related to options which granted or vested during the year ended March 31, 2018 was $104,587 (2017: $177,435).

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, RSUs and Warrants (cont'd)

b) Restricted Share Units

During the year ended 31 March, 2018

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

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

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

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

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

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

During the year ended March 31,2018 a total of $7,476 (2017: $Nil) was recognised to profit and loss as share based compensation from RSUs.

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

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

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

(Expressed in Australian Dollars)

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

c) Warrants

During the year ended 31 March, 2018

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

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

During the year ended 31 March, 2017

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

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

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

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

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

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

No warrants have been issued, exercised or expired since March 31, 2018.

(Expressed in Australian Dollars)

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.

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

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

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

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 the EPRP entitles the holder to one fully paid ordinary share in the capital of Macarthur Australia, subject to the options being validly exercised.

During the year ended 31 March, 2018

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

(Expressed in Australian Dollars)

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

During the year ended March 31, 2017

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

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

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

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

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

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 year was $0.01 (March 2017 - $0.009). Refer to Note 18 for details of options granted during the year.

(Expressed in Australian Dollars)

Note 19: Share Based Compensation (cont'd)

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

	Year ended March 31, 2018	Year ended March 31, 2017
	Weighted average	*Weighted average*
Share price	**CAD$0.055**	CAD$0.058
Exercise price	**CAD $0.06**	CAD $0.06
Risk-free interest rate	**1.77%**	0.55%
Expected life of options	**3.0 years**	3.0 years
Annualized volatility	**114.31%**	73.00%
Dividend rate	**0%**	0%

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

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:

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

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

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

Subsidiaries incorporated in the year were for nominal value.

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 ended March 31, 2017, the Company incorporated Macarthur Australia Limited and undertook a group restructure. Macarthur Australia also raised capital totalling $1,468,040, direct from investors, and undertook an IPO on the Australian Securities Exchange.

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

(Expressed in Australian Dollars)

Note 21: Key Management Personnel

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

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

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

Details of Remuneration

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

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

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

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

(Expressed in Australian Dollars)

Note 21: Key Management Personnel (cont'd)

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

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

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

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

Note 22: Commitments

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

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

b) Exploration Expenditures

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

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

Note 23: Contingent Liabilities

a) Security Bonds

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

b) Supreme Court Proceedings

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

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

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

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

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

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

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

c) **Other** *Matters*

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

Note 24: Subsequent Events

a) Options

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