MACARTHUR MINERALS LIMITED

Australian Company Number 103 011 436

ANNUAL REPORT

31 March 2021

ASX: MIO – TSXV: MMS

All amounts are in Australian dollars unless otherwise stated

MACARTHUR
Minerals

AUSTRALIAN ANNUAL REPORT MACARTHUR MINERALS

Annual Report - Year ended 31 March 2021

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Chairman's 2020 Highlights

Macarthur Minerals has one of the largest advanced high grade iron ore projects in the Yilgarn Region of Western Australia.

Since 2006/7 when Macarthur commenced exploration for iron ore on its Lake Giles tenements in Western Australia, the Company has expended approximately AUD$62 million on exploration, resource definition, mining titles and environmental permitting.

Macarthur's Moonshine Magnetite project offers a generational supply of low cost, high-grade, low impurity iron ore, which is in demand by Chinese steel mills seeking to meet strict commercial and environmental standards.

Access to a clear route to market has historically been a hurdle that has hindered the development of the Company's iron ore resources.

The Company's key priority is to contract the Esperance to Kalgoorlie rail line and an iron ore load-out facility at the Port of Esperance and to complete a definitive feasibility study to support project finance for its high-grade magnetite project.

In addition to this, the Company's corporate Strategy during 2020/2021 has been to:

1. Re-value the iron ore assets through completion of a definitive feasibility study that meets both NI43-101 and JORC requirements which can support project finance for its high-grade magnetite project at Lake Giles in Western Australia; and
2. Reposition the non-core iron ore assets (Gold, Lithium, Copper and Nickel/ Cobalt) for further exploration and development); and
3. Seek opportunities to capitalise upon the current strength in global iron ore markets

by advancing early production of direct shipment ore (DSO) product from the Company's deposits at Ularring in the Lake Giles region of Western Australia.

This year, the Company has continued to focus on its Western Australian iron ore assets and to this end, sound progress has been made. A binding Off-Take Agreement with Glencore International AG for sale of iron ore to be produced from the Lake Giles Iron Project was entered into on 13 March 2019. Further, the substantial portfolio of Pilbara based lithium and gold assets have been value added with the granting of Exploration Licences and ground-based exploration and geophysics. Following termination of the Company's Joint Venture agreement with Fe Limited the Company is actively progressing arrangements for a spin-out of its non-iron ore assets in the Pilbara region of Western Australia and is also examining options for a spin-out of its Australian and Nevada lithium interests. These transactions are intended to add value for shareholders and will enable the Company to direct its focus on the development of its' Lake Giles iron ore portfolio which has been the Company's core project since 2006.

Significantly, during the year ended 31 March 2021, the Company facilitated the successful conversion of all outstanding convertible notes issued as part of its 2019 convertible note raise, with the consequence that Company has no outstanding convertible note liability. Outstanding options/warrants will provide a solid funding platform in 2021-2022 years if converted to equity, removing this liability from the Company's balance sheet.

Macarthur Iron Ore Projects

The Company's core focus during the year has been on the development of its Moonshine Magnetite and Ularring Hematite iron ore assets in the Yilgarn region of Western Australia.

The key events during 2020/21 that have afforded the Company optimism around the commercialisation of these assets are:

- Continued strength in the current iron ore commodity cycle, being driven by global stimulus arising from the impacts of the Covid-19 pandemic.
- Increased iron ore pricing for high grade, low impurity material that is now very much in demand, driven by more stringent environmental conditions on Chinese steel mills to meet ultra-low emissions standards.
- A return to commodities by the Capital Markets driven by low interest rates globally and a drive towards growth in 2021 by major economies.

These factors in combination with the Company's secure position under its binding 10 year off-take agreement with Glencore underline the Company's renewed push through to commercialisation.

These recent macro changes also allow Macarthur to advance rail and port negotiations as well as producing a bankable feasibility document to support project financing alternatives for its core high-grade magnetite iron project.

Macarthur non-iron ore Assets

Nickel and Cobalt – Lake Giles
A previous review of the Company's previous historic shallow drill assays over the Lake Giles tenements returned over 300 anomalous nickel results and a follow up geophysics program confirmed the presence of four priority one geophysical anomalies. This type of survey assists in the identification of deep conductors such as clusters of massive sulphide hosted base metal deposits.

In December 2018, two reverse circulation (RC) drill holes confirmed the presence of a massive sulphide accumulation. Further deeper drilling is now planned to fully intersect these sulphide mineralised zones.

The Company holds exploration rights over one of the largest unexplored sections of the Yerilgee greenstone belt, interpreted to consist of a basal sequence of high magnesium basalt flows more than one kilometre thick, overlain by komatiite ultramafic volcanic rocks with narrow inflow BIF's and in some cases, sedimentary rocks.

Gold – Pilbara
The Company also holds Exploration Licences in the Pilbara region of Western Australia which are prospective for gold. These

The Panorama Gold Project is located 265km south-south-east of Karratha in the Pilbara Region of Western Australia. This area was previously identified from historical rock chip sampling program with values of up to 3.5 g/t Au.

The Hillside copper/gold project encompasses four Exploration Licences covering an area of 350km^2. This tenement portfolio has been subject to limited modern exploration following a limited 1980 six-hole drilling programme of which three holes intersected gold in quartz, grading 12g/t Au with a maximum section of 25.83 g/t Au.

Rock chip sampling over a continuous outcropping gossan over 18 kilometres shows high potential for copper (Cu) mineralization with 20 results yielding above 1,000 ppm Cu to a maximum of 7.8% Cu.

Hard rock lithium – Pilbara
The Company also holds Exploration Licences in the Pilbara covering a total area of approximately 721km^2 which are prospective for hard rock lithium.

Lithium brine – Reynolds Springs, Nevada
Macarthur holds 210 mining claims at its Reynolds Springs Lithium Brine Project in Railroad Valley, Nevada. Analysis of geochemical soil sampling found up to 405 ppm Li. This result has also been replicated by Macarthur's neighbouring claim holder, American Battery Metals Corporation (formerly Lithium Ore). American Battery Metals have been actively drilling and are undertaking metallurgical testing to gauge the best extraction process for lithium and other present commercially valuable minerals from the brines.

The Company conducted further reviews of several historic well logs drilled on the claims and identified numerous conductive, faulted zones that indicate the presence of a brine aquifer. American Battery Metals drilling activity provides further validation to Macarthur's geological interpretations.

The Company intends to spin-out its non-iron ore assets in the Pilbara to realise improved value for shareholders into Infinity Mining Limited to list on the Australian Securities Exchange later this year, subject to exchange approvals.

Covid-19 Impacts

The Company has continued to respond to the challenges of the Covid-19 pandemic by managing its operations and cashflows conservatively. The outlook for key commodities such as iron ore and gold in the current Covid-19 affected market remains strong, and as a consequence has not resulted in any impairment of the Company's key capitalised assets.

Since January 2016, there has been a continued growth in the premium attaching to higher grade +65% Fe (being the target grade for the Company's Lake Giles Iron Project) against the 62% Fe benchmark, and benchmark prices have continued to hold throughout the March 2021 quarter, prices for 62% Fe have climbed closer to USD$200 during the quarter. These are some of the highest prices for iron ore that have been seen in many years. The Board remains confident that current market and the initiation of global stimulus measures provides an opportunity for the Company to advance its objectives. However, the Company will continually monitor events and adjust to circumstances as they arise.

Remote working arrangements continue to operate seamlessly across interstate and international lines. Board and Management are ensuring that productivity is being optimised and that the Macarthur team remains focused on delivering outcomes.

Looking Forward

Macarthur will, along with its key partners, seek to actively advance its iron ore assets in Western Australia as a priority, including pursuing opportunities to take advantage of current pricing where possible.

I would like to take this opportunity to thank all of our shareholders, project partners and stakeholders for their continued support of Macarthur during 2020/21. We are all looking forward to another exciting year ahead as we seek to achieve more milestones and accelerate the Company's journey from explorer to producer.

Cameron A. McCall

Cameron McCall

Executive Chairman

Corporate Directory

Stock Exchange Listing
Macarthur Minerals Limited (the "Company" or "Macarthur Minerals") is an Australian public company and is quoted on the Official List of the TSX Venture Exchange ("TSX-V") (symbol: MMS), on the Australian Securities Exchange ("ASX") (symbol: MIO) and on OTCQB Venture Market ("OTCQB") (symbol: MMSDF). The Company is incorporated in Australia and registered in Queensland.

Directors
Cameron McCall, Executive Chairman (until November 30, 2020) and Chairman (as of December 1, 2020)
Alan Joseph ("Joe") Phillips, CEO (until November 30, 2020) and Managing Director (as of December 1, 2020)

Alan Phillips, Non-Executive Director
Andrew Suckling, Independent Director (appointed 21 May 2019)
Daniel Lanskey, Independent Director (appointed 20 September 2019)

Company Secretary
Andrew Bruton (resigned 30 November 2020)
Mima Wirakara (appointed 1 December 2020)

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Brisbane, QLD 4101
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Website address: www.davidson-co.com

Report on Operations

WESTERN AUSTRALIAN IRON ORE PROJECTS

Lake Giles Projects

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

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

The Lake Giles Projects are approximately 90 km from the existing Perth Kalgoorlie Railway that has a direct connection to the Port of Esperance in Western Australia, where it is intended that ore from the Projects will be shipped. Export is subject to available capacity, which is not certain.

The Lake Giles Iron Project (comprising the Moonshine Magnetite Project and the Ularring Hematite Project) is located approximately 450 kilometres East North- East of the coastal city of Perth, Western Australia, and approximately 115 kilometres West of the town of Menzies. Exploration for the Ularring Hematite and Moonshine Magnetite Projects has been sufficient to allow the estimation of Mineral Resources for both projects.

Hematite Project

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

The Mineral Resource estimates were prepared by CSA Global on behalf of Macarthur Minerals (NI43-101 Technical Report, 2012[1]) and reported in accordance with the CIM Definition Standards for Mineral Resources and Reserves 2014.

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

On 26 March 2021 the Company made application two miscellaneous licences to support the development of a mining camp and crushing and screening operations near the Snark deposit of the Ularring Hematite Project.

Moonshine Magnetite Project

On 12 August 2020 Macarthur released an updated Mineral Resource estimate for the Lake Giles Magnetite Project[2]. The Mineral Resource estimates includes Measured Mineral Resources of approximately 53.9Mt @ 30.8% Fe, Indicated Mineral Resources of 218.7 Mt @ 27.5% Fe and Inferred Mineral Resources of 997.0 Mt @ 28.4% Fe.

The company has commenced its work for a Feasibility Study (FS) focusing on the Moonshine magnetite deposit at Lake Giles. That work is well underway with the Mineral Resource estimates of the Moonshine deposit having been completed and released to the market on August 12, 2020. The Company filed the NI43-101 Technical Report on SEDAR, as announced on October 1, 2020[3].

On 26 March 2021 the Company made application for two "water search miscellaneous licenses" for the purpose of exploring for groundwater to support magnetite processing for the Lake Giles Iron Project. The applications cover 533 km^2 of the Rebecca palaeovalley up to 35 km east of the Project. Prior to these applications the Company engaged CGG to undertake an aerial EM survey of the palaeochannels to as announced on March 26, 2021. The survey data will be used to define groundwater drilling targets.

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1 NI 43-101 Technical Report filed October 1, 2012, titled "NI 43-101 Technical Report, Macarthur Minerals Limited, Pre-Feasibility Study, Ularring Hematite Project, Western Australia."
2 Refer to the Company's news release dated August 12, 2020.
3 Refer to the Company's news release dated October 1, 2020.

Report on Operations (Cont'd)

On June 25, 2020, the Company lodged applications for tenure to construct a haul road and rail siding to support the Lake Giles Iron Project. Miscellaneous license application L16/133 will be used to construct a 93km haul road from the Moonshine deposit to a rail siding adjacent to the rail network, owned by Arc. The rail siding will be located on the applications for miscellaneous license L15/409 and exploration license E15/1775.

On July 16, 2020, the Company announced[4] that it had received a proposal from Arc Infrastructure ("Arc") that provides an agreed pathway to develop a Commercial Track Access Agreement ("Proposal") for below rail capacity from the Company's Lake Giles Iron Project in the Yilgarn Region of south-western Western Australia to the Port of Esperance.

Under the Proposal, the parties have agreed to work together in good faith to negotiate and agree the terms of a Commercial Track Access Agreement ("CTAA") under which Arc would provide sufficient capacity on its Network to support the Macarthur task. The Proposal also includes indicative track access pricing based on an agreed set of operational parameters that would be incorporated into the CTAA. The Company is currently exploring an option for rail unloading infrastructure utilising a specialised 'Helix' dumper designed and system manufactured by Kiruna Wagons. The Company engaged RCR Mining Technologies (RCR MT) to undertake concept engineering design work for the placement of the Helix dumper within the Port of Esperance. The Company is also in discussions with third parties on potential ownership and operation of the rail unloading infrastructure.

On January 29, 2021, the Company signed a Memorandum of Understanding ("MOU") with Southern Ports Authority ("SPA") which provides a pathway for agreeing a potential access and operating solution for the export of Macarthur's high grade magnetite iron ore product via the Port of Esperance ("Port"), potentially using the 'Helix' dumper. The MOU is discussed in further detail below.

Treppo Grande & Mt Jackson Iron Ore Project

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

The Treppo Grande Project covers an area of 68 km^2 and is located approximately 32 km west of the Lake Giles Projects. The project is also 35km east of Mineral Resource Ltd's (MRL) Koolyanobbing Iron Ore Operations and is in close proximity to established rail infrastructure to the Port of Esperance.

This area has been held by a private exploration company wholly owned by renowned Kalgoorlie Prospector Mel Dalla-Costa for the past eight years under an Exploration License (EL77/1208). During this time, approval was granted for an exploration program of diamond drilling and geophysical mapping. The Treppo Grande Project has already benefited from flora and fauna baseline surveys indicating that the conservation values of Mt Manning are a lower priority than surrounding BIF ridges.

The Treppo Grande Project was explored in recent years for high grade hematite iron ore mineralisation. Historical exploration identified three potentially economic styles of Direct Shipping Ore ("DSO") mineralisation including massive dense hematitic ironstones, specular hematite and oxidised 'Indurated Detrital Ironstone'. A drilling programme consisting of two diamond holes penetrated the hematitic ironstone at the J-Hook prospect.

Significant intercepts include 17.5m @ 65.49% Fe from 2.5m from hole MMS002 and 40.4m @ 55.77% Fe from 3.6 m from hole MMS001. The iron-rich mineralisation (> 55% Fe) is centered on the J-Hook prospect that contains occurrences of massive, fissile and specular hematite. The Company also has two iron ore exploration areas (E77/2543 and E77/2542) in the Yilgarn region, adding an additional 42km^2 to the Company's portfolio. These tenements are adjacent to the Mt Jackson and Deception iron ore deposits owned by MRL.

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4 Refer to the Company's news release dated July 15, 2020

Report on Operations (Cont'd)

WESTERN AUSTRALIAN GOLD PROJECTS

<u>Hillside Gold Project</u>

The Hillside Gold Project encompasses Exploration License E45/4685, E45/4824, E45/4708 and E45/4709 held by Macarthur Lithium Pty Ltd ("MLi"), a wholly owned subsidiary of Macarthur Minerals. This group of tenements is located approximately 185 kilometres ("km") Southeast of Port Hedland and 50 km Southwest of Marble Bar (the "Hillside Gold Project") in Western Australia.

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

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

The gossan line was traced over a 14km strike length with remnant outcrop identified at regular intervals along strike. A total of 36 rock chip samples were collected including 15 from outcropping gossan with several samples containing visible copper minerals such as malachite. Remaining samples were collected from quartz outcrops, many of which returned strongly anomalous gold grades.

The assay results are highly encouraging with eight samples returning copper values over 1% with a peak of 18.8% Cu and often accompanied with elevated gold, silver and zinc values (+/- cobalt).

Exploration at the Hillside Project also discovered high grade manganese mineralisation in sub parallel outcrops to the gossan line sampled above. Rock chips samples returned a maximum of 59.4% MnO (>46% Mn).

A drilling program focussing on the gossan line and outcropping quartz reefs was completed by FEL under an option agreement. A total of 36 holes for 1798 metres was drilled. Assay results returned from the laboratory demonstrate support for a mineralised gossan model with down dip extension of mineralised gossan at surface intercepted in three holes with the following results:

- HRC001: 1m @ 0.19% Cu, 230ppm Co, 0.14% Zn, 0.07ppm Au from 28m
- HRC022: 1m @ 0.74% Cu, 349ppm Co, 0.41% Zn, 0.14ppm Au from 83m
- HRC036: 1m @ 0.18% Cu, 0.12% Zn from 25m and 1m @0.27% Cu from 40m.

During the period, FEL conducted further exploration activities on the Hillside tenements following the drilling program completed in 2019. A Fixed Loop Electromagnetic (FLEM) survey was conducted in July 2020 across several high priority targets generated from the SkyTEM electromagnetic survey in 2018 and drilling in late 2019. The survey data is currently being processed and interpreted. The Option Agreement with FEL was terminated on 15 September 2020 with Macarthur retaining full title to the tenements.

Strelley Gorge & Tambourah tenements

Macarthur holds the Strelley Gorge and Tambourah tenements in the Pilbara region of Western Australia. The Strelley Gorge tenement (E45/4735) is prospective for DSO iron ore and is located immediately adjacent to the Abydos iron ore project that has been mined by Atlas Iron. The Tambourah tenement (E45/5324) is also prospective for iron ore having intersected iron ore in historical drilling by Atlas Iron. The drilling focussed an outcropping BIF prospect in the north of the tenement. Macarthur considers both tenements prospective for iron ore and is seeking interested parties to further explore these assets.

<u>Panorama Gold Project</u>

The Panorama Gold Project encompasses Exploration Licenses E45/4732, E454764 and E45/4779 held by MLi, covering a total of 278km^2.

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

Report on Operations (Cont’d)

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

The Panorama Gold Project formed part of the earn-in agreement with FEL, which was terminated on September 15,2020, following FEL’s election not to earn-in on a 25% Stage 1 Interest.

WESTERN AUSTRALIAN NICKEL AND COBALT PROJECTS

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

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

The Moonshine prospect has also been identified as prospective for nickel sulphide deposits from previous drilling. Anomalous nickel values including 0.9% Ni from 10.5 meters to 22 meters including 1 meter at 1.4% nickel were detected within the first 30 meters of a diamond drill hole completed by the company in 2012.

Anomalous cobalt averaging 0.13% was also discovered from 18.5 meters to 22 meters.

The Company has completed Moving Loop Electromagnetic (“MLEM”) and Fixed-Loop Electromagnetic (“FLEM”) surveys across three prospect areas: Moonshine, Snark and Clark Hill. Interpretation of the MLEM and FLEM survey identified three high priority nickel sulphide targets, consisting of two distinct bedrock conductors at Moonshine and a further bedrock conductor at Snark. Preliminary Reverse Circulation “RC” drilling of two holes for 395 meters intersected sulphide minerals at depth with sulphide mineralisation open at depth with the hole ending in sulphide mineralisation. Semi-massive sulphide comprising 20% pyrite/pyrrhotite was recorded over 12m in hole 18MRC002 from 185m to end of hole (“EOH”). Anomalous nickel was found in hole 18MNRC001 with average 0.2% Ni over 31 meters (“m”). Potassic alteration was identified in hole 18MRC001 from 140m to 146m (20% Potassium content) marginal to the sulphide intersection in the hole. Anomalous gold associated with sulfidic chert was also found in interval 106m to 113m in hole 18MNRC001 (average gold content 159 part per billion (“ppb”) over the interval). Both holes had successfully intersected sulphide minerals at depth and semi-massive sulphide comprising 20% pyrite/pyrrhotite was recorded over 12m in hole 18MRC002 from 185m to end of hole (“EOH”). Sulphide mineralisation is open at depth and on strike with the hole ending in sulphide mineralisation.

A follow up Stage 2 drilling program is planned to determine the extent and depth of the mineralisation and whether the sulphide mineralisation is an indicator of a nickel sulphide mineralisation system deeper in the succession or close by. The initial holes will be drilled deeper through the sequence with a diamond tail.

WESTERN AUSTRALIAN LITHIUM PROJECTS

Macarthur Minerals has11 Exploration Licenses in the Pilbara covering a total area of approximately 721km^2.

Tambourah Lithium Project

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

The Company also holds Exploration License E45/5324, which is near its Tambourah Lithium Project in the Pilbara Region of Western Australia. A review of historical data indicates the area is prospective for nickel-copper-cobalt and platinum group element mineralization.

Report on Operations (Cont'd)

WESTERN AUSTRALIAN GOLD AND LITHIUM PROJECTS EARN-IN AGREEMENT

On May 14, 2019, Macarthur entered into an option agreement (replaced by the "New Option Agreement" signed on August 28, 2019) with ASX listed exploration Company Fe Ltd (ASX: FEL) to acquire up to 75% of the 18 tenements in the Pilbara.

On September 15, 2020, the FEL JV agreement was terminated following a decision by FEL not to earn-in on a 25% Stage 1 Interest ("Stage 1 Interest") in Macarthur's gold and lithium tenements. Macarthur (through MLi) now retains 100% of the gold and lithium projects in the Pilbara and is working to identify suitable parties to reposition these projects.

The Company is currently examining opportunities to realise improved value for shareholders in its non-iron ore assets in the Pilbara and its Reynolds Springs Lithium Brine Project under separate asset spin-out structures.

NEVADA BRINE LITHIUM PROJECT

Reynolds Springs Lithium Brine Project

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

A total of 206 soil samples were collected across the full extent of the Reynolds Springs Project. Lithium values in the soil samples ranged from a low of 39.3 ppm to a high of 405 ppm Li. Samples were consistently high averaging 168.3 ppm Li with 85% of samples recording over 100 ppm Li and 19% greater than 200 ppm Li. These results are considered high in comparison to the majority of non-lithium producing playas and amongst the highest we have seen outside of the Clayton Valley.

In 2018 the Company completed an assessment of downhole geophysical logs for 12 – 15 abandoned oil and gas wells that are found both within (5 wells) and in the near vicinity of the project. Several zones of high conductivity were identified that are interpreted as being indicative of brine aquifers. The Company is now looking for a partner to advance exploration of this project.

Directors' Report

Your directors present their report together with the financial statements of the consolidated entity (referred to hereafter as the Group) consisting of Macarthur Minerals Limited ACN 103 011 436 and the entities it controlled at the end of, or during, the year ended 31 March 2021. All dollar amounts are presented in the Australian currency unless stated otherwise.

Directors

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

Name, Independence Status and Special Responsibilities	Experience, expertise and qualifications
Mr Cameron McCall Executive Chairman (until 30 November 2020), Chairman (from 1 December 2020)	Mr McCall was first appointed as Independent Director on 27 April 2015 and Non-Executive Chairman on 3 December 2015. Mr McCall was appointed an Executive Chairman on 17 October 2017 from which position he resigned on 30 November 2020. Mr McCall was appointed as Chairman on 1 December 2020. Mr McCall has a wealth of experience across the financial services and commercial property industries within Australia and internationally. He has been providing investment, equity capital raising and share trading advice for over 18 years to corporate entities and private clients at Hartleys Limited and Macquarie Bank Limited. Mr McCall has during his 40-year career built an extensive network of international and Australian based high net worth individuals and corporate entities. Mr McCall is currently running a corporate advisory business providing advice on asset acquisition and capital raising to international and Australian based organisations.
Mr Joe Phillips CEO (until 30 November 2020) & Managing Director (from 1 December 2020)	Mr Phillips was appointed as Executive Director on 11 October 2017 and as CEO on 24 October 2017 from which position he resigned on 30 November 2020. Mr Phillips was appointed as Managing Director on 1 December 2020. Mr Phillips was previously the Company's CEO in 2015 and responsible for the original funding and development of the Company's significant iron ore assets, having completed its 2012 Prefeasibility Study for the Ularring Hematite Project and obtaining environmental approvals. Educated at the University of Queensland he combines strong project management skill with a discipline in economics and a detailed understanding of the operation of public administrations and the elected governments in Australia.
Mr Alan Phillips Non-Executive Director Member of Audit and Risk Committee	Mr Phillips was appointed to the board on 19 October 2005. Mr Phillips was President and CEO of the Company from 31 August 2009 until his resignation from those positions on 28 April 2015. Mr Phillips continued as Executive Director until his resignation as Executive Director on 1 January 2017. Mr Phillips continues as Non-Executive Director. Mr Phillips has been a senior executive, director and chairman of ASX, TSX-V, TSX and AIM listed companies over a period of 40 years. Mr Phillips specializes in start-up and turnaround companies across a broad range of industries, but predominantly in the mining and exploration of copper, gold, ethanol and iron ore and technology sectors.

Directors' Report *(Cont'd)*

Mr Andrew Suckling Independent Director Chairman of Audit and Risk Committee	Mr Suckling was appointed to the board on 21 May 2019. Mr. Suckling is Non-Executive Chairman of the Board of Cadence Minerals PLC and has over 25 years' experience in the commodity industry. He began his career as a trader on the London Metal Exchange (LME) for Metallgesellschaft (MG). In that role, he established a trading presence in China for MG setting up a representative office in Shanghai in 1997. He then became a partner and trader with the New York based multi-billion fund manager Ospraie Management, LLC. In addition to his role as Executive Chairman at Cadence he is the founding principal and portfolio manager for Verulam, a discretionary commodity fund. Mr. Suckling is a graduate of Brasenose College, Oxford University earning a BA (Hons) in Modern History in 1993 and an MA in Modern History in 2000.
Mr Daniel Lanskey Independent Director Member of Audit and Risk Committee	Mr Lanskey was appointed to the board on 20 September 2019. Mr Lanskey holds a post graduate Business Degree from Griffith University in Entrepreneurship and Venture Development. He has over 15 years' experience in Senior Management in the Public Markets and has been a Director and/or Chairman of ASX, OTCQX and TSXV listed Companies. He has been involved in numerous start-up Companies across various Industries including Information Technology, Oil and Gas, Mining and Real Estate. Working with an extensive capital market network across the Asia Pacific Region and North America have resulted in numerous successful capital raisings via Private Placements for Pre IPO-funds, Initial Public Offerings and Reverse Takeovers of existing Public Companies.

Directorships of other Listed Companies

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

Directors	*Company*	*Period of Directorship*
Cameron McCall	-	-
Alan Phillips	-	-
Joe Phillips	-	-
Andrew Suckling	Cadence Minerals PLC	21 Dec 2015 - Current
Daniel Lanskey	Tillegrah Limited	24 Jul 2017 - current
	Timeless Capital Corp.	2 August 2018 - current
	QMines Limited	4 May 2021 - Current

Company Secretary

Mr Andrew Bruton resigned as Company Secretary on 30 December 2020 and was appointed as the Company's Chief Executive Officer on 1 December 2020.

Ms Mima Wirakara, was appointed Company Secretary on 1 December 2020.

Name, Independence Status and Special Responsibilities	Experience, expertise and qualifications
Mr Andrew Bruton CEO	Mr Bruton has a background of over 20 years of top tier professional experience in corporate, mining, energy and infrastructure law. He has been recognised as a leading transactional and project lawyer in the mining and energy sectors in Australia. In senior leadership roles, Mr Bruton has been responsible for large teams at both State and National levels. He is also an experienced company director. Having advised major Australian and international mining and energy companies on complex projects and transactions with multi-billion-dollar values, Mr Bruton has a deep understanding of these markets. As a strategic thinker and leader with strong business acumen and a focus on delivering outcomes, he brings a wealth of expertise to Macarthur Minerals. Mr Bruton holds both a Bachelor of Laws and a Bachelor of Business (Accountancy) from the Queensland University of Technology. Mr Bruton assumed the role of Company Secretary on 2 September 2020.
Ms Mima Wirakara Company Secretary	Mima Wirakara joined the Company in January 2019 and was appointed Company Secretary in December 2020. Mima has been involved in the Company's successful listing on the Australian Stock Exchange ("ASX") and has been instrumental in managing the Company's corporate governance and compliance, including Australian and Canadian regulatory and exchange requirements.

Principal Activities

Macarthur Minerals is an Australian public company listed in Canada on the TSX-V (symbol: MMS) and following a successful Initial Public Offering (IPO) to Retail and Institutional Investors, the Company achieved listing on the Australian Securities Exchange ("ASX") (symbol: MIO) on 6 December 2019. Macarthur Minerals has three iron ore projects in the Yilgarn region of Western Australia. The Company has also established multiple project areas in the Pilbara, Western Australia for conglomerate gold, hard rock greenstone gold and hard rock lithium. In addition, Macarthur Minerals has significant lithium brine interests in the Railroad Valley, Nevada, USA.

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

Dividends

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

Operating and Financial Review

OPERATING RESULTS

	Year ended 31 March 2021 $	**Year ended 31 March 2020 $**
Operating Expenses	**(7,269,530)**	(5,313,800)
Total comprehensive profit(loss) for the year	**(15,052,304)**	(4,310,448)

Directors' Report *(Cont'd)*

The Group's consolidated comprehensive loss for the year ended 31 March 2021 amounted to $4,310,448 after income tax. As an exploration and evaluation company, the Company expects to continue to report losses until such time as profit is earned from potential production activities.

FINANCIAL POSITION

Australian $	Year ended 31 March 2021	Year ended 31 March 2020
Cash and cash equivalents	**5,018,170**	4,518,165
Exploration and Evaluation assets	**67,513,545**	66,218,216
Property, Plant and Equipment	**49,916**	63,729
Total Assets	**74,233,519**	71,936,697
Accounts payable and accrued liabilities	**637,006**	905,660
Total Liabilities	**11,600,829**	10,372,448
Net Assets	**62,632,690**	61,564,249
Net Working Capital [1]	**4,520,879**	4,030,542

[1] The Net Working Capital of $4,520,879(2020: $4,030,542) excludes those amounts attributable to the warrant liability of $10,582,972 (2020: $899,565) and the Convertible Notes liability of $Nil (2020: $8,134,049).

At 31 March 2021 the Group had net assets of $62,632,690 compared to $61,564,249 at 31 March 2020. The increase is due largely to an increased cash balance from the successful capital raise during the year.

The Group's cash and cash equivalents balance was $5,018,170 at 31 March 2021 which was an increase of $500,005 from 31 March 2020.

The Group's net working capital at 31 March 2021 was $4,520,879 compared with net working capital of $4,030,542 at 31 March 2020. The Net Working Capital of $4,520,879 (2020: $4,030,542) excludes those amounts attributable to the warrant liability of $10,582,972 (2020: $899,565) and the Convertible Notes liability of $Nil (2020: $8,134,049) on the basis that the Group does not have any obligations to extinguish its liability attributable to the issued warrants via cash payments. These financial instruments have been designated as a current liability in their entirety in order to comply with International Financial Reporting Standards due to the terms and conditions of the conversion features inherent within the derivative attached to the relevant host contract. The Company's share purchase warrants are classified and accounted for as a financial liability at fair value with changes in fair value recognized in the Consolidated Statement of Profit and Loss. The Company recognised a loss during the year of $9,683,407 (2020: ($1,680,335 gain) from changes in the fair value of the warrant liability. The value of warrant liability as at 31 March 2021 is $10,582,972 (2020: $899,565). There are 21,675,913 warrants due to expire in the next 9 months, and if they were to be exercised in accordance with the terms and conditions of the warrants, this will result in a significant cash inflow to the Group.

The Company has a $20million equity finance facility with L1 Capital ("Facility"). The Facility is an "at call" facility which entitles the Company to issue shares to L1 over 36 months under "Placement Notice(s)" which may be drawn upon and applied at the Group's discretion to meet its operating needs and minimum financial requirements regarding its tenement obligations. The Group will continue to monitor avenues to expand its key strategic assets.

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

During the year ended 31 March 2021, the Company facilitated the conversion of all outstanding convertible notes issued as part of its 2019 convertible note raise, with the consequence that Company has no outstanding convertible note liability.

The Company has prepared a business plan to manage operations and expenditures over the coming twelve months, in order to ensure that the Company has sufficient funds to meet its obligations as they become due. In particular, the Company has advanced its plans for its Iron Ore projects, and lithium and gold projects.

Directors' Report *(Cont'd)*

Legal Proceedings

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

On 26 November 2013, the New Proceedings were stayed by consent pending payment of the indemnity costs of the dismissed Initial Proceedings and the appeal costs by LPD and Mayson. No steps have been taken in the New Proceedings by the plaintiff since 22 January 2015 and this matter remains ongoing.

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

On 5 July 2019, the FSDC Directors filed a notice of appeal to the Supreme Court of Queensland where the review was held by the court on 28 August 2019. The appeal was subsequently set down for hearing on 24 October 2019. On 30 June 2020, the Court of Appeal handed down its decision, dismissing the appeal with costs. On 29 July 2020, the FSDC Directors filed in the High Court of Australia an application for special leave to appeal against the judgement of the Court of Appeal of the Supreme Court of Queensland. On 5 November 2020, the High Court dismissed the application by the FSDC Directors for special leave to appeal against a previous decision of the Court of Appeal of the Supreme Court of Queensland.

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

Financing

Private Placement

On 22 October 2020, the Company announced[5] that it had closed a private placement ("Private Placement") of AUD $6,249,440 with sophisticated and institutional investors with subscriptions totalling 11,362,618 Units.

Each placement unit ("Unit") is comprised of one New Share at a price of AUD $0.55 and one attaching option to acquire one fully paid ordinary share in the Company (each, an "Option") at an exercise price of AUD $0.90, with an expiry date 24 months from the date of issuance.

Following exchange final approvals and acceptance:

- The Placement securities being 11,362,618 Ordinary Shares and 5,137,382 Options were issued on 26 October 2020.
- The balance of 6,225,236 Options were issued on 2 November 2020, following receipt of shareholders' approval at the Company's Annual General Meeting on 30 October 2020 in accordance with ASX listing rule requirements relating to future placement capacity.

The net proceeds from the Offering will be used for working capital purposes.

Equity Finance Facility

In addition to the Private Placement, the Company has executed an AUD$20 million standby equity finance facility secured under a Controlled Placement Agreement ("Equity Finance Facility") with L1 Capital Global Opportunities Master Fund ("L1"). The agreement entitles the Company to issue shares to L1 over 36 months under "Placement Notice(s)" at the Company's discretion, and to receive funds for the issue of those shares at the greater of 90% of: (i) the average daily VWAP over 30 Trading Days of the Company's Australian Securities Exchange (ASX) listed shares following delivery of a Placement Notice (Pricing Period); and (ii) the Minimum Acceptable Price nominated by the Company (provided that the discounted Minimum Acceptable Price cannot be lower than any minimum price required under the ASX Listing Rules or the TSX Listing Rules, and in any event not less than AUD$0.20) ("Purchase Price"). The additional key terms of the Equity Finance Facility are described in the Company's News Release dated 13 October 2020[6].

5 Refer to the Company's news release dated 22 October 2020
6 Refer to the Company's news release dated 13 October 2020

Directors’ Report *(Cont’d)*

Engagement of CST Capital Pty Ltd

Pursuant to a Services Agreement between CST Capital Pty Ltd (“CST”) and the Company dated 12 October 2020, subject to successful completion of establishment of the Equity Finance Facility and receipt of any required exchange and shareholders’ approval, a fee of USD$120,000 (“Fee”) was paid to CST. A further US$150,000 is due for payment to CST at the earliest of the drawdowns on the A$20m facility in accordance with the agreement.

In addition to the Fee and following receipt of shareholders’ approval at the Company’s Annual General Meeting on 30 October 2020, 1.5 million unlisted Options for the issue of ordinary shares in the Company on ASX at an exercise price of AUD $0.75 per Option and expiring on 11 November 2022 were issued to CST on 11 November 2020.

EAS advisors

On 21 January 2020, the Company appointed EAS Advisors as its corporate advisor to assist in the financing strategy for its Lake Giles Iron Project. In connection with the engagement, EAS will be paid a monthly cash retainer of USD 10,000 per month for 8 months. Additionally, to incentivise EAS to assist in the growth of the Company:

i) EAS received a total of 2,000,000 performance-based options issued on 28 May 2020 granted as follows: 1) 500,000 options exercise price AUD$0.16 per fully paid ordinary share expiring 31 December 2020. 2) 500,000 options exercise price AUD$0.34 per fully paid ordinary share. 3) 500,000 options exercise price AUD$0.36 per fully paid ordinary share. 4) 500,000 options exercise price AUD$0.38 per fully paid ordinary share. The performance-based options were issued in compliance with the Company’s Share Compensation Plan and the last three tranches of options will be exercisable at any time until 31 December 2022.
ii) A component of its retainer will also include a monthly equity payment equivalent to USD$5,000 of ordinary shares in the Company trading on TSX-V, settled quarterly (calculated based on the 5 day VWAP preceding the last trading day of each month); Depending upon the structure of the financing for the Lake Giles Iron Project, EAS will receive a Fee comprising: i) a Debt Financing Completion Fee equal to 3% of the gross proceeds of debt raised or on debt linked securities; or ii) a Non-Debt Financing Completion Fee equal to 5% of gross proceeds raised for any non-debt related capital raising; or iii) an M&A Fee equal to 3% of the total enterprise value of any M&A transaction.

On 3 June 2020, 171,479 ordinary shares were issued to EAS Advisors settled as the first quarter equity payment, in connection with EAS engagement as corporate advisor on 21 January 2020.

On 31 August 2020, 152,072 ordinary shares were issued to EAS Advisors settled as the second quarter equity payment.

EAS Advisors LLC through Odeon Capital Group LLC (“Odeon”) acted as financial adviser for the Private Placement. Pursuant to a Consulting and Advisory Agreement between Odeon and the Company dated 9 October 2020, Odeon received an Equity Placement Financing Completion Fee equal to AUD $374,966 resulting in the Company receiving net proceeds from the Private placement of AUD $6,249,440.

EAS Advisors, LLC, through Odeon and CST Capital Pty Ltd also acted as joint advisers for arranging the Controlled Placement Agreement. Pursuant to the Consulting and Advisory Agreement between Odeon and the Company dated 9 October 2020, Odeon received the following remuneration:

- a cash fee of AUD $100,000 on 31 October 2020 and the remaining balance of AUD $100,000 payable by 30 November 2020; and
- 233,076 ASX listed ordinary shares of the Company issued on 12 November 2020 subject to a voluntary 4 month hold period from the date of issue, for a value equal to USD $100,000 and the balance of 281,370 ASX listed ordinary shares for a value equal to USD $100,000 issued on 9 December 2020 also subject to a voluntary 4 month hold period from the date of issue.

Directors' Report *(Cont'd)*

Warrants

The extension of the expiry date of 7,928,183 post consolidation common share purchase warrants that were issued as part of the Rights Offering completed by the Company in December 2017 was approved by the TSX-V for extension to 15 December 2021.

The expiry date of 3,563,100 and 10,184,630 common share purchase warrants that were issued as part of a non-brokered private placement completed by the Company in September and November 2018 have been extended to 24 September 2021 and 15 December 2021 respectively as approved by the TSX-V. Subsequent to the consolidation of the Company's Share Capital on 20 November 2019, the number of common shares and exercise price issuable under these warrants have been adjusted in accordance with the 4:1 Consolidation ratio.

Shared Based Compensation

Pursuant to the Company's Share Compensation Plan ("Plan"), the Company has also granted a total of 3,282,500 Restricted Share Units (RSUs) and 3,612,726 bonus shares (Bonus Shares) to directors, employees and consultants of the Company. Following grant, the Bonus Shares were subject to 6 months voluntary escrow from 7 August 2020 and released from escrow on 8 February 2021.

Engagement of Investor Cubed Inc.

On 13 May 2020, the Company entered into an agreement with Investor Cubed to provide Investor Relations and consulting services. In connection with the engagement, Investor Cubed has been awarded a consulting contract of CAD$5,000 per month for a further 12-month term and the right to purchase 1,500,000 options, granted as follows: 1) 500,000 Options exercise price CAD$0.16 expiring 31 December 2022. 2) 500,000 Options exercise price CAD$0.24 expiring 31 December 2022. 3) 500,000 Options exercise price CAD$0.32 expiring 31 December 2022. On 17 April 2021 above agreement was extended for one year.

Engagement of Australian Investor Relations Group

In July 2020, the Company has engaged global strategic consultancy Advisir to manage Australian investor relations, media relations and marketing services for the Company. The engagement terms with Advisir are on a month-to-month basis for a monthly fee of $8,750.

Memorandum of Understanding with Southern Ports Authority

On 29 January 2021, the Company signed a Memorandum of Understanding ("MOU") with Southern Ports Authority ("SPA") which provides a pathway for agreeing a potential access and operating solution for the export of Macarthur's high grade magnetite iron ore product via the Port of Esperance ("Port").

The MOU is non-binding, but it does establish a clear pathway for i) the design of a 300,000 tonne storage shed ("shed") by Macarthur, ii) the design of a new rail car unloading solution at the Port by Macarthur (presently proposed to be an Australian-first Helix rail car unloading solution and associated tube conveyor) ("Helix

Dumper"), iii) the approval of the shed and Helix Dumper designs by SPA and iv) the identification of suitable land by SPA for the construction of the shed and Helix Dumper within the Port.

A conceptual engineering design report was completed by RCR Mining Technologies Pty Ltd in 2020, for the proposed Helix Dumper and, subject to mutually satisfactory engineering design and approval processes for the shed and Helix Dumper being completed (and suitable land being identified by SPA for their construction), the parties intend to commence good faith negotiations on the terms of binding commercial agreements which will be necessary for Macarthur to i) construct, operate and maintain the shed and Helix Dumper; and ii) to access the Berth 3 ship loader at the Port.

Negotiations on final infrastructure selection and layout are continuing as SPA undertakes its master planning process at Esperance Port, and any binding commercial agreements in relation to the shed, rail unloading infrastructure and ship loader access will be conditional upon agreed milestones being met by Macarthur (including financing for its Lake Giles Iron Project).

Appointment of Consultants

On 16 February 2021, the Company announced that it has appointed the following leading consultants to enhance the delivery of the Feasibility Study for the high-grade magnetite, Lake Giles Iron Project in Western Australia:

- **Study Management**: Optimize Group ("Optimize") appointed to provide study management services and to assist in the preparation of the final Feasibility Study Reports.
- **Transport Logistics**: Projectus Infrastructure ("Projectus") appointed to provide transport infrastructure (rail and port) optimisation support for the delivery of the Feasibility Study.
- **Economic Modelling**: FTI Consulting ("FTI") appointed to provide economic and financial modelling services for the Feasibility Study.

In addition, on 23 March 2021, the Company announced the appointment of two leading experts to its owners' team. Highly regarded Mineral Processing Engineer, Dr Richard Peck appointed to provide technical minerals processing support for Macarthur's owners' team and globally recognized and experienced Mining Engineer and corporate executive, Mr Bernard Holtshousen appointed to provide technical and practical support to optimise the Company's mining and development approach at Lake Giles.

Agreement with Canaria Technologies

On 17 September 2020, the Company signed an Agreement with Canaria Technologies Pty Ltd ("Canaria") to facilitate the introduction, testing and potential use of Canaria's Biometrics Safety System at the Company's flagship Lake Giles Iron Project ("Project") in the Yilgarn region of Western Australia. Under the Agreement, Canaria will initially supply Macarthur with a small number of devices for a ~4-week heat stress, user testing period, through the Australian summer season 2020/2021, during which time environmental surveys and other activities are expected to be undertaken at the Project site. Further testing is anticipated to take place if the Project proceeds to the construction phase following successful completion of the Feasibility Study and completion of financing for the Lake Giles Iron Project.

Option Agreement with Fe Limited

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

The Project includes tenements highly prospective for gold, copper and lithium in proximity to numerous known hard rock lithium and gold deposits in the central and eastern Pilbara.

FEL paid the Option Exercise Fee to Mli by way of issue of 26,666,667 new ordinary shares in FEL to Macarthur Minerals Ltd at an offer price of $0.015. On 2 July 2019, FEL elected to exercise its option to earn-in up to 75% interest in the Company's gold, copper and lithium tenements in the Pilbara Region of Western Australia. The original agreement was terminated and replaced by a New Option Agreement on 28 August 2019 ("New Option Agreement").

On 15 September 2020, FEL elected not to earn-in on the 25% Stage 1 Interest ("Stage 1 Interest") in Macarthur Lithium Pty Ltd's ("Mli") gold and lithium tenements in the Pilbara region of Western Australia, pursuant to the New Option Agreement. Following FEL's decision, the New Option Agreement was terminated and the parties finalised arrangements for the orderly close-out of the joint venture, with effect from 15 September 2020. Macarthur (through Mli) now retains 100% of the Tenements.

Repositioning of Non-Iron Ore Pilbara Assets

On 24 February 2021, Macarthur announced an exclusive agreement with Zanil Pty Ltd ("Zanil") to undertake due diligence over 10 tenements in and around the Leonora Goldfields region in Western Australia ("Agreement"). On 4 March 2021, the Company announced the repositioning of the Company's 100% owned, 720km² gold, copper, zinc, manganese and lithium exploration tenements in the Pilbara region of Western Australia under a three-way deal with Zanil and Timeless Capital Corp, in accordance with a letter of intent dated 26 February 2021 ("Letter of Intent"). The Letter of Intent proposed a vend by Macarthur of its non-iron ore assets in the Pilbara region of Western Australia (Pilbara Assets) and the copper gold assets in the Central Goldfields region of Western Australia held by Zanil (Leonora Assets) into Timeless, in return for an agreed equity allocation in Timeless. Following the announcement of that transaction, the Company completed the technical and valuation work on Macarthur's Pilbara tenements and on Zanil's package of gold tenements in the Leonora region of Western Australia (which are currently under the Agreement). An independent valuation of those assets placed a materially higher value on Macarthur's Pilbara tenements than was reflected in that deal and the Company announced a termination of the Letter of Intent on 1 April 2021.

Access Agreement with Arrow Minerals Limited

On 23 December 2019, the Company entered into an agreement with Arrow Minerals Limited ("Arrow") to acquire mineral tenure for the development of site infrastructure at its Lake Giles Iron Project. Macarthur has acquired a substantial package of land covering approximately 4,950 ha adjacent to the Moonshine Magnetite deposit. The tenure will be used for constructing supporting infrastructure and it also paves the way forward to obtain access to tenure to construct a private haul road from the project through to the open access Perth to Kalgoorlie railway owned by Arc Infrastructure. In consideration for entering into the agreement, Macarthur is required to pay Arrow $500,000, being $250,000 in cash, paid immediately, and issued $250,000 in shares in June 2020. The shares were issued at a 20% discount to the 5-day VWAP prior to the issue.

Appointment of Northland Capital

To reinstate trading on OTCQB, Northland Capital Markets, a full-service investment bank headquartered in the U.S., is engaged to act as OTCQB Sponsor and Advisor to the Company on 4 May 2020. As part of the listing process, the application to reinstate trading has been considered successfully by the Financial Industry Regulatory Authority ("FINRA"). On September 15, 2020, the Company announced[7] that its common shares re-commenced trading on the OTCQB Venture Market.

Likely future developments and expected results

The Company's intention to spin-out its non-iron ore assets in the Pilbara into Infinity Mining Limited to list on the Australian Securities Exchange later this year, will likely impact the developments in the operations of the Group and the expected results of those operations in future financial years that have not been included in this report. The Group's key business risk associated with future plans relate to the ability to successfully identify a resource and develop the Company's projects.

Environmental Regulations

The Group is subject to significant environmental regulation in respect to its exploration activities. The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that is it is aware of an is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

Significant Changes in State of Affairs

Other than those matters discussed regarding the Company's listing on the ASX and issue of shares, warrants and convertible notes, there have been no other significant changes to the Company's state of affairs to have occurred during the year.

7 Refer to the Company's news release dated September 15, 2020.

Directors' Report *(Cont'd)*

Events after the reporting period

i) Engagement of Consultants

On 15 April 2021, the Company announced that it has engaged Orelogy Mining Consultants ("Orelogy") and Pells Sullivan Meynink ("PSM") on the mine design and road haulage components of the Feasibility Study for the Lake Giles Iron Project. Macarthur has been working with mining consultants Orelogy and geotechnical engineers from PSM on the mine design for the Lake Giles Iron Project. Orelogy has completed preliminary pit optimisations, designs, scheduling and project layouts to support an operation targeting production of 3 Mtpa (dry) magnetite concentrate. Additionally, PSM has been supporting the mine design through a geotechnical review of drill core and project geology.

ii) Exercise of options and warrants

Subsequent to year end, the Company has issued a total of 500,000 options and 500,000 warrants outstanding at year end providing an additional $xxxx in cash.

Remuneration Report

This Remuneration Report outlines the remuneration arrangements in place for Key Management Personnel in accordance with the requirements of the *Corporations Act 2001 (Cth*) and its Regulations.
For the purposes of this report Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any directors of the Company.

Role of Remuneration and Nomination Committee

The Remuneration and Nomination Committee is responsible for (or in its absence the Board) overseeing performance evaluations of senior executives on an annual basis. As at 31 March 2021, the Remuneration and Nomination Committee was comprised of Andrew Suckling (Chairman), Alan Spence Phillips and Daniel Lanskey, the majority of whom are Independent Directors and have direct experience that is relevant to their responsibilities in executive compensation.

Principles used to determine the nature and amount of remuneration

Remuneration Policy

The Remuneration Policy of the Group is in place to ensure that:

- Directors' and senior executives' remuneration is aligned to the long-term interests of shareholders within an appropriate control framework;
- There is a clear relationship between the executives' performance and remuneration; and
- The Policy is appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group.

The Charter of the Committee is available on the Company's website wwww.macarthurminerals.com.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Director and Management remuneration is separate.

Performance Based Remuneration

At present, remuneration is linked to general market levels with short-term performance components. Remuneration policy and practices are reassessed when required in order to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results.

Directors' Report *(Cont'd)*

Relationship between remuneration policy and group performance

The remuneration policy has been tailored to maximise goal congruence between shareholders, directors and executives. Fees for all directors and executives is not linked to Company performance. In order to align directors and shareholders interest, the directors are encouraged to hold shares in the Company.

Employment detail of members of Key Management Personnel (KMP)

The following table provides employment details of persons who were, during the financial year, members of KMP of the Consolidated Group. The table also illustrates the proportion of remuneration that was performance and non-performance based.

Name	**Position held**	**Contract details**	**Non-salary cash-based incentives**	**Shares**	**Fixed salary/ fees**
Executive Directors			%	%	%
C McCall	Executive Chairman	No fixed duration, 12 months' notice	35%	9%	55%
J Phillips	CEO and Director	No fixed duration, 12 months' notice	27%	32%	41%
Non-executive Directors					
A Phillips	Non-executive Director	No fixed duration, 3 months' notice	25%	25%	50%
A Suckling	Non-executive Director	No fixed duration, 3 months' notice	25%	31%	44%
D Lanskey	Non-executive Director	No fixed duration, 3 months' notice	30%	30%	39%
Chief Executive Officer					
A Bruton	CEO	No fixed duration, 12 months' notice	16%	16%	69%

Remuneration Report

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

2021	**Short Term Employee Benefits**				**Post-Employment Benefits**		**Share Based Payments**	
Executive Directors:	Cash Salary & Fees	Accrued Salaries	Cash Bonus	Non-monetary benefits	Super-annuation	Retirement Benefits	Options/RSUs	Total
	$	$	$	$	$	$	$	$
C McCall	320,000	-	-	54,000	-	-	204,631	578,631
J Phillips	380,000	-	-	299,002	-	-	245,206	924,208
Non-Executive Directors:								
A Phillips	110,000	-	-	54,000	-	-	54,100	218,100
A Suckling	95,636		-	67,500	-	-	54,100	217,236
D Lanskey	69,996	-	-	54,000			54,100	178,096
Chief Executive Officer								
A Bruton [1]	420,000	-	-	94,500	-	-	94,675	609,175
Total	**1,395,632**	**-**	**-**	**623,002**	**-**	**-**	**706,812**	**2,725,446**

[1] Appointed CEO on 1 December 2020.

Directors' Report *(Cont'd)*

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

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

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

[1] On 25 June 2019 David Lenigas was issued 87,341 shares in lieu of Director Fees. David Lenigas resigned on 22 May 2019.

[2] Earl Evans fees include Director Fees from 5 February 2019. Earl Evans resigned on 20 September 2019

[3] Andrew Suckling fees include Director Fees from 21 May 2019.

[4] Daniel Lanskey fees include Director Fees from 20 September 2019.

[5] Bonus Shares were issued on 19 December 2019 to Cameron McCall, Joe Phillips, Andrew Suckling and Daniel Lanskey. David Lenigas received shares in lieu of Director's fees.

Remuneration accrued and payable to key management personnel as at 31 March 2021 was $59,941.

a) Ordinary Shares

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

	Balance at Beginning of the Year	Granted as Remuneration	Issued on Exercise of Options and RSU's	Other Changes During the Year	Balance at End of the Year
C McCall	1,584,951	200,000	500,000	20,000	2,304,951
J Phillips	4,455,594	671,060	500,000	(801,750)[2]	4,824,904
A Phillips	-	200,000	1,000,000	801,750[2]	2,001,750
A Suckling	200,000	250,000	500,000	-	950,000
D Lanskey	200,000	200,000	-	-	400,000
A Bruton[1]	-	550,000	500,000	-	1,050,000
	6,440,545	2,071,060	3,000,000	20,000	11,531,605

[1] Chief Executive Officer appointed 1 December 2020.
[2] Due to change of interest in a related entity there has been a transfer of 801,750 shares from J Phillips to A Phillips.

Directors’ Report *(Cont’d)*

Remuneration Report (Cont’d)

b) Options

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

	Balance at Beginning of the Year	Granted as remuneration	Number Exercised	Number Expired or Forfeited or Transferred	Balance at End of the Year
C McCall	680,000	-	-	-	680,000
J Phillips	2,000,000	-	-	(1,500,000)	500,000
A Phillips	-	-	(500,000)	1,000,000	500,000
A Suckling	-	-	-	-	-
D Lanskey	-	-	-	-	-
A Bruton[1]	-	-	-	-	-
	2,680,000	-	(500,000)	(500,000)	1,680,000

[1] Chief Executive Officer appointed 1 December 2020.

c) Restricted Share Units

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

		Grant Details					
	Balance at Beginning of the Year [1]	Issue Date	Number Granted	Value $ [Note 1]	Number Vested and Exercised	Number Expired or Forfeited or Transferred	Balance at End of the Year
C McCall	1,088,235	8 December 2020 and 19 January 2021	700,000	204,630	(500,000)	(588,235)	700,000
J Phillips	1,588,235	8 December 2020 and 19 January 2021	850,000	245,206	(500,000)	(1,088,235)	850,000
A Phillips	-	19 January 2021	200,000	54,100	(500,000)	500,000	200,000
A Suckling	500,000	19 January 2021	200,000	54,100	(500,000)	-	200,000
D Lanskey	-	19 January 2021	200,000	54,100	-	-	200,000
A Bruton[1]	-	7 August 2020	350,000	94,675	-	-	350,000
	3,176,470		2,500,000	706,811	(2,000,000)	(1,176,470)	2,500,000

Note 1 - The fair value of the Restricted Share Units granted was determined using a trinomial option pricing model.
[1] Chief Executive Officer appointed 1 December 2020.
[2] Due to change of interest in a related entity there has been a transfer of 500,000 units from J Phillips to A Phillips.

Directors' Report *(Cont'd)*

Remuneration Report (Cont'd)

d) Warrants

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

	Balance at Beginning of the Year	Number Granted	Number Vested and Exercised	Number Expired or Forfeited or Transferred	Balance at End of the Year
C McCall	83,333	-	-	-	83,333
J Phillips	2,429,161	-	-	(15,750)	2,413,411
A Phillips	-	-	-	15,750	15,750
A Suckling	-	-	-	-	-
D Lanskey	-	-	-	-	-
A Bruton[1]	-	-	-	-	-
	2,512,494	-	-	-	2,512,494

[1] Chief Executive Officer appointed 1 December 2020.

Equity instruments held by KMP

Particulars of directors' interests in shares, options and warrants of the Company, since year end and up to the date of this report:

Director	Ordinary Shares	Options	RSUs	Warrants
C McCall	2,304,951	680,000	1,700,000	83,333
J Phillips	4,824,904	500,000	2,350,000	2,413,411
A Phillips	2,001,750	500,000	1,050,000	15,750
A Suckling	950,000	-	1,100,000	-
D Lanskey	400,000	-	450,000	-
A Bruton	1,050,000	-	1,350,000	-
	11,531,605	1,680,000	8,000,000	2,512,494

There are no other transactions with KMP. End of Remuneration Report.

Directors' Meetings

The number of meetings of the Company's board of directors held during the year ended 31 March 2021, and the number of meetings attended by each director were:

	Number of Board Meetings Attended	Number Eligible
C McCall	4	4
J Phillips	4	4
A Phillips	4	4
A Suckling	4	4
D Lanskey	4	4

Directors' Report *(Cont'd)*

The number of meetings of the Company's Audit and Risk Committee held during the year ended 31 March 2021, and the number of meetings attended by each member were:

	Number of Audit and Risk Committee Meetings Attended	Number Eligible
A Phillips	4	4
A Suckling, Chairman of Audit and Risk Committee	4	4
D Lanskey	4	4

Shares under Option

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

Date Options Granted	Expiry Date	Issue Price of Shares	Number under options
4 Dec 2018	3 Dec 2021	CAD$0.20	555,000
25 Feb 2019	24 Feb 2022	CAD$0.20	1,480,000
28 May 2020	31 Dec 2022	AUD$0.34	500,000
28 May 2020	31 Dec 2022	AUD$0.36	500,000
28 May 2020	31 Dec 2022	AUD$0.38	500,000
28 May 2020	31 Dec 2022	CAD$0.24	500,000
28 May 2020	31 Dec 2022	CAD$0.32	500,000
26 Oct 2020	26 Oct 2022	AUD$0.90	5,137,382
2 Nov 2020	2 Nov 2022	AUD$0.90	6,225,236
12 Nov 2020	12 Nov 2022	AUD$0.75	1,500,000
11 June 2021	11 Dec 2022	CAD$0.80	500,000
			17,897,618

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

Shares issued on the exercise of options

1,525,000 options were exercised during the year ended 31 March 2021. Since year end and up to the date of this report 500,000 options had been exercised and 500,000 options issued.

Shares under Restricted Share Units

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

Date RSU Granted	Expiry Date	Vesting Term	Number of RSUs
8 Dec 2020	8 Dec 2023	upon the closing share price of the Company's shares on the TSX-V being greater than CAD$0.65 for 20 consecutive trading days	1,000,000
19 Jan 2021	19 Jan 2024	upon the closing share price of the Company's shares on the TSX-V being greater than CAD$0.70 for 20 consecutive trading days	2,282,500
11 June 2021	11 Jun 2024	upon the closing share price of the Company's shares on the TSX-V being greater than CAD$0.90 for 20 consecutive trading days	5,600,000
			8,882,500

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

Directors' Report *(Cont'd)*

Shares issued on the vesting of RSUs

3,282,500 RSU's were granted during the year ended 31 March 2021. 2,937,500 RSUs vested and 1,738,971 RSUs expired during the year ended 31 March 2021. Since year end and up to the date of this report 5,600,000 RSUs were granted.

Shares under Warrants

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

Date Granted	Expiry Date	Issue Price of Shares (CAD$)	Number held under warrants
15 Dec 2017	15 Dec 2021	0.80	7,928,183
25 Sept 2018	24 Sept 2021	0.40	3,563,100
16 Nov 2018	15 Dec 2021	0.40	9,684,630
6 Aug 2019	5 Aug 2022	0.40	3,029,375
2 Oct 2019	1 Oct 2022	0.40	867,291
4 Nov 2019	3 Nov 2022	0.40	204,609
			25,277,188

Shares issued on the exercise of warrants

No warrants exercised during the year ended 31 March 2021. Since year end and up to the date of this report 500,000 warrants had been exercised.

Insurance and Indemnification of Officers

Insurance Premiums

During the financial year, the Company paid premiums of $162,285 to insure the directors, officers and employees ("D&O Insurance") of the Company and its Australian based controlled entities. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against persons in their capacity as directors, officers and employees of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnification

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

Pursuant to an indemnity within the constitution and Deeds of Indemnity entered into with the directors and officers of the Company, the Company is indemnifying the respondent directors and officers for the reasonable legal costs of defending an action against them (subject to certain restrictions, including restrictions contained in the *Corporations Act 2001* (Cth)).

Proceedings on behalf of the Company

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

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

Directors' Report *(Cont'd)*

Non-audit Services

The Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is comparable with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed in Note 28 to the financial statements did not compromise the auditors independence.

Auditor Independence Declaration

A copy of the Nexia Brisbane's independence declaration is required under section 307C of the *Corporations Act 2001(Cth)* and is set out on page 74.

Signed in accordance with a resolution of directors.

Cameron McCall
Executive Chairman
30 June 2021

Financial report

Consolidated Financial Statements – 31 March 2021

Contents	**Page**

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

The Company's corporate office and principal place of business are detailed on page 4.

The financial statements were authorized for issue by the directors on 30 June 2021. The directors have the power to amend and reissue the financial statements.

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

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

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

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

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

Nature and continuance of operations (Note 1)
Commitments (Notes 12 and 24)
Working Capital Position (Note 2b)
Subsequent events (Note 26)
Contingent liabilities (Note 25)

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

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

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

[1] Refer to Note 15(b) - Reserves
[2] Refer to Note 15(a)(vii) - Contributed Equity
[3] Refer to Note 15 (b)
[4] Refer to Note 15(a)(ii)&(iii)-Contrib'd Equity
[5] Refer to Note 15(b) - Reserves
[6] Refer to Note 18(b) – RSU's
[7] Refer to Note 15(a)(vi)
[8] Refer to Note 15(a)(v)
[9] Refer to Note 15(a)(vii)

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

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

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

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

Note 1: Nature and Continuance of Operations

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

As at 31 March 2021, the Company has the following subsidiaries (who are collectively referred to as the "Group"):

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

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

The Company has continued to respond to the challenges of the Covid-19 pandemic by managing its operations and cashflows conservatively. The outlook for key commodities such as iron ore and gold in the current Covid-19 affected market remains strong, and as a consequence has not resulted in any impairment of the Company's key capitalised assets.

Since January 2016, there has been a continued growth in the premium attaching to higher grade +65% Fe (being the target grade for the Company's Lake Giles Iron Project) against the 62% Fe benchmark, and benchmark prices have continued to hold throughout the March 2021 quarter, prices for 62% Fe have climbed closer to USD$200 during the quarter. These are some of the highest prices for iron ore that have been seen in many years. The Board remains confident that current market and the initiation of global stimulus measures provides an opportunity for the Company to advance its objectives. However, the Company will continually monitor events and adjust to circumstances as they arise.

Remote working arrangements continue to operate seamlessly across interstate and international lines. Board and Management are ensuring that productivity is being optimised and that the Macarthur team remains focused on delivering outcomes.

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

The financial statements were authorized for issue on 30 June 2021 by the directors of the Company.

Note 2: Summary of Significant Accounting Policies

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

a) Basis of preparation

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

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

a) Basis of preparation (cont'd)

Standards Board and interpretations of the IFRS Interpretations Committee. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

b) Working capital position

This financial report has been prepared on a going concern basis which assumes that the Company will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's cash and cash equivalents balance at the reporting date is $5,018,170.

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

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

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

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

c) Principles of consolidation

(i) Subsidiaries

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

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

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

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

Investments in subsidiaries are accounted for at cost in the individual financial statements of the parent, refer to Note 27.

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

d) Mineral exploration and evaluation assets

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

(i) Exploration and evaluation properties

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

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

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

e) Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statements of Profit and Loss and Other Comprehensive Income/(Loss) during the financial period in which they are incurred.

Depreciation on assets is calculated as follows:

Plant & Equipment	5% to 33.33% Straight-line Method 22.5% Diminishing Value Method
Office Equipment	10% to 33.33% Straight-line Method 37.5% Diminishing Value Method
Motor Vehicles	20% to 25% Straight-line Method

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

The assets' residual values and useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Depreciation is calculated to write-off the asset's cost over its estimated useful life, commencing from when the asset is first ready for use. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit and loss.

f) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g) Cash and cash equivalents

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

h) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

i) Segment Reporting

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

j) Leases - The Group as lessee

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

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

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

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

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

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

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

k) New and Amended Accounting Policies adopted by the Group

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

AASB 2020-4: Amendments to Australian Accounting Standards – COVID-19 - Related Rent Concessions amends **IFRS16/**AASB 16 by providing a practical expedient that permits lessees to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and, if certain conditions are met, account for those rent concessions as if they were not lease modifications.

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

l) Financial Instruments

Initial recognition and measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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

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

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

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

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

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

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

A financial liability is held for trading if:

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

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

A financial liability cannot be reclassified.

Financial assets

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

Measurement is on the basis of two primary criteria:

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

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

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

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

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

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

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

Equity instruments

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

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

Derecognition

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

Derecognition of financial liabilities

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

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

Derecognition of financial assets

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

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

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

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

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

Compound financial instruments

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

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

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

Impairment

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

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

Loss allowance is not recognised for:

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

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

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

– the general approach

General approach

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

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

Recognition of expected credit losses in financial statements

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

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

m) Farm-outs in the exploration and evaluation phase

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

n) Provisions

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

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

o) Employee benefits

(i) Wages and salaries, annual leave and superannuation

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

Note 2: Summary of Significant Accounting Policies (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 to represent the value of services rendered. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to a reserve. The fair value of equity instruments is determined using the relevant options pricing model. The number of instruments expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

p) Goods and services tax

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

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

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

q) Income tax

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax paid or payable in respect of previous years. Deferred income tax is recognised, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, as well as unused tax losses.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or when the deferred income tax liability is settled.

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

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

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

(i) Deferred Tax Balances

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

(ii) Tax consolidation legislation

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

r) Contributed equity

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

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

s) Earnings per share

(i) *Basic earnings per share*

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

(ii) *Diluted earnings per share*

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

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

t) Revenue recognition

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

The Group recognises revenue when the amount can be readily measured, and it is probable that future economic benefit will flow to the entity (control). Interest income is recognised on a time proportion basis using the effective interest method.

u) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

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

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

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

v) Critical accounting estimates and judgements

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

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

(i) Exploration and Evaluation Expenditure (Note 12)
The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely and is based on assumptions about future events or circumstances.

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

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

(iii) Share-based payment transactions (Note 17)
The Company measures the costs of equity-settled transactions with directors, officers, employees and consultants by reference to the fair values of the equity instrument. The fair value of equity-settled transactions is determined using the relevant Trinomial model as measured on the grant date. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the equity, and the estimated forfeiture rate for market-based vesting conditions.

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

(iv) Warrant liability (Note 16) and Convertible note derivative (Note 23)
The Group uses the Black-Scholes Option Pricing Model, or other valuation models, for the valuation of Convertible Note Derivatives and Warrant derivatives. Option pricing models require the input of subjective assumptions including expected share price volatility, interest rate, foreign currency and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Group's net loss and equity reserves.

v) Going concern

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

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

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

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

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

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

w) Comparative Figures

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

Note 3: Financial Instruments and Financial risk management

Financial risk management policies

The Company's principal financial instruments are cash and cash equivalents, the main purpose of which is to fund the Company's operations. The Company has various other financial assets and liabilities such as security deposits, other receivables, Investment in FE Ltd, trade payables, convertible notes and warrant derivatives which arise directly from its operations. It is and has been throughout the years ended 31 March 2021 and 31 March 2020, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk, and foreign currency risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

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

(Expressed in Australian Dollars)

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

The Company's contracted financial instruments are summarised as:

	Note	Consolidated Carrying Amount 2021 $	2020 $
Financial assets			
Cash and cash equivalents	8	**5,018,170**	4,518,165
a) Financial assets at amortised cost			
Other receivables	9	**1,837**	356
Security Deposits	10	**156,626**	56,554
		158,463	56,910
b) Financial assets at fair value through other comprehensive income			
Investment in FE Ltd	12(b)	**1,120,000**	266,667
Total financial assets		**6,296,633**	4,841,742
Financial liabilities			
a) Financial liabilities at amortised cost			
Trade and other payables	13	**637,006**	905,660
Convertible notes	23	**-**	8,134,049
		637,006	9,039,709
b) Financial liabilities at fair value through profit and loss			
Warrant liability	16	**10,582,972**	899,565
Total financial liabilities		**11,219,978**	9,939,274

a) Credit risk

The Company's primary exposure to credit risk is on its cash and cash equivalents. The Company limits its exposure to credit risk by maintaining its financial liquid assets with high-credit quality financial institutions. The Company will trade only with recognised, creditworthy third parties. Credit verification procedures will be carried out when deemed necessary and receivable balances will be monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. This amount consists of Cash and cash equivalents of $5,018,170 (2020: $4,518,165), Other receivables of $1,837 (2020: $356) and Security Deposits of $156,626 (2020: $56,554).

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

(Expressed in Australian Dollars)

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

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

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

b) Liquidity risk

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

The Company manages its liquidity risk by planning and budgeting its operational and growth requirements. The Company monitors its forecast cash flows and ensures funds are in place to meet its operational needs in the short to medium term. The Company has limited financial resources and there is no assurance that additional funding will be available to allow the Company to acquire, explore and develop its exploration and evaluation assets. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration or development.

The Company is dependent on raising funds through equity and/or debt or disposing of interests in its mineral properties (by options, joint ventures or outright sales) in order to finance development of its exploration and evaluation assets, further acquisitions, undertake exploration and meet general and administrative expenses in the immediate and long term.

Exposure to liquidity risk

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

As at 31 March 2021

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

As at 31 March 2020

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

c) Interest rate risk

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

(Expressed in Australian Dollars)

Note 3: Financial risk management (cont'd)

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

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

Financial assets are comprised of:

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

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates on the above interest-bearing financial instruments at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

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

d) Foreign currency risk

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

Exposure to currency risk

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

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

(Expressed in Australian Dollars)

Note 3: Financial risk management (cont'd)

Sensitivity analysis

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

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

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

e) Commodity price risk

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

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

f) Fair Value

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

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

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

(Expressed in Australian Dollars)

Note 4: Capital Management

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

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

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

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

There were no other changes in the Company's approach to capital management during the year ended 31 March 2021. The Company is not subject to externally imposed capital requirements.

Note 5: Revenue and expenses

Result for the year includes the following items:

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

(Expressed in Australian Dollars)

Note 6: Income tax

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

b) Change in tax rate

Changes in tax laws and rates may affect any recorded deferred tax assets and liabilities and the Company's effective tax rate in the future. The applicable tax rate as at 31 March 2021 was 26% on the basis that Macarthur Minerals was a Small Business Entity for the purposes of the tax law.

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

c) Tax consolidation

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

d) Tax losses

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

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

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

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

(Expressed in Australian Dollars)

Note 6: Income tax (cont'd)

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

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

Note 7: Earnings per share

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

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

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

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

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

Note 8: Cash & Cash Equivalents

	2021 $	2020 $
Cash at bank and in hand		
Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates	**5,018,170**	4,518,165
	5,018,170	4,518,165
Reconciliation of net loss after income tax to the net cash flows from operations		
Net Loss	**(15,905,637)**	(4,177,115)
Adjustments for:		
Depreciation – Plant and Equipment	**13,813**	18,310
Depreciation – Right of use asset	**71,921**	72,702
Share-based payments – employees & other costs	**3,126,272**	1,046,663
Change in fair value of warrant liability	**9,683,407**	(1,680,335)
Foreign exchange (gain)/loss	**(1,277,260)**	953,768
Shares issued in lieu of Consultancy fees	**45,259**	8,384
Changes in Assets and Liabilities:		
Receivables and other assets	**266,111**	(434,634)
Payables and provisions	**(257,489)**	565,681
Net cash used in operating activities	**(4,233,603)**	(3,626,576)

(Expressed in Australian Dollars)

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

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

- *a)* During the year, 15,248,936 shares were issued in connection with all outstanding convertible notes which were converted into Company shares prior to their maturity.
- *b)* During the year, the Company issued 1,702,997 shares as consideration to Arrow Minerals Ltd pursuant to an agreement to acquire a mineral tenure for the development of site infrastructure at the Lake Giles Iron Project. The amount capitalized to exploration and evaluation assets was $250,000.
- *c)* The Company issued 514,446 shares to consultants as consideration for consultancy fees totaling $279,450.
- *d)* During the year, the Company issued 3,612,726 bonus shares totaling $1,204,053 to directors, employees and consultants.
- *e)* During the year, a total of 2,937,500 Restricted Share Units vested and shares were issued amounting to $535,950.

Note 9: Other Receivables

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

Note 10: Security Deposits and prepayments

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

(Expressed in Australian Dollars)

Note 11: Plant and equipment

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

Note 12: Exploration and Evaluation Assets

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

At 31 March 2021, the Company held 100% of the outstanding and issued share capital of Macarthur Australia. Macarthur Australia's wholly owned subsidiaries MIO and MLi hold assets which include the Iron Ore Projects and Lithium Exploration Projects, respectively. Macarthur Minerals also holds 100% of Macarthur Lithium Nevada Limited ("MLiNV"), which holds a Lithium Exploration Project in Nevada.

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

At 31 March 2021, based on the improvement in global demand and price for iron ore, coupled with the achievement of certain strategic milestones in the development of its iron ore assets, the Company is advancing these projects and has entered into a range of commercial arrangements and funding commitments (refer to Director's Report). The Iron Ore projects' book value reflects the historical costs of exploration and evaluation expenditure capitalised in accordance with the Company's accounting policy and Australian Accounting Standards and IFRS.

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

(Expressed in Australian Dollars)

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

Exploration and evaluation expenditure

	Acquisition Costs	Deferred Exploration Costs	Total
	$	$	$
Balance as at 31 March 2019	**4,010,636**	**58,983,008**	**62,993,644**
Accommodation and camp maintenance	-	100,134	100,134
Drilling	-	1,252,063	1,252,063
Environmental surveys	-	14,950	14,950
Tenement acquisitions	-	500,000	500,000
Other	-	42,192	42,192
Personnel and Contractors	-	443,936	443,936
Rent and rates	-	329,501	329,501
Research and reports	-	333,753	333,753
Sampling and testing	-	25,934	25,934
Tenement management and outlays	-	23,131	23,131
Travel	-	26,316	26,316
Vehicle hire	-	27,164	27,164
Fuel costs	-	105,498	105,498
	-	**3,224,572**	**3,224,572**
Balance as at 31 March 2020	**4,010,636**	**62,207,580**	**66,218,216**
Accommodation and camp maintenance	-	50,127	50,127
Environmental surveys	-	8,210	8,210
Other	-	34,066	34,066
Personnel and Contractors	-	227,294	227,294
Rent and rates	-	203,258	203,258
Research and reports	-	722,855	722,855
Sampling and testing	-	2,442	2,442
Tenement management and outlays	-	24,451	24,451
Travel	-	4,150	4,150
Vehicle hire	-	18,476	18,476
	-	**1,295,329**	**1,295,329**
Balance as at 31 March 2021	**4,010,636**	**63,502,909**	**67,513,545**

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

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

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

(Expressed in Australian Dollars)

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

(c) Commitments

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

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

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

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

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

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

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

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

Note 13: Trade and other payables

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

(Expressed in Australian Dollars)

Note 14: Provisions

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

	2021	2020
Current	$	$
- Short term employee obligations	**64,519**	58,756
Non-current:		
- Long service leave entitlements	**32,920**	27,518
	97,439	86,274

Opening balance	**86,274**	61,586
Additional provisions	**20,549**	32,868
Amounts used	**(9,384)**	(8,180)
Closing Balance	**97,439**	86,274

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

Note 15: Contributed equity and reserves

a) Ordinary Shares

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

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

(Expressed in Australian Dollars)

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

		2021	2020
At the beginning of the reporting period		**102,386,361**	305,166,284
Share consolidation (1 share for 4 shares)		**-**	(228,874,713)
Shares issued during the year:			
i.	17 Sept 2020 (CAD$0.32 per share)	**2,937,500**	-
ii.	26 Oct 2020 (AUD$0.55 per share)	**5,137,382**	-
iii.	2 Nov 2020 (AUD$0.55 per share)	**6,225,236**	-
iv.	Bonus shares	**3,612,726**	-
v.	Shares in consideration for consultancy fees	**837,997**	-
vi.	Conversion of Convertible Notes	**15,248,936**	-
vii.	Shares in consideration for assets	**1,702,997**	-
viii.	Exercise of options and warrants	**1,525,000**	1,490,000
ix.	22 Apr 2019 (CAD$0.08 per share)	**-**	2,750,000[1]
x.	25 Jun 2019 (CAD$0.09 per share)	**-**	21,838[1]
xi.	2 Dec 2019 (AUD$0.25 per share)	**-**	20,032,952
xii.	19 Dec 2019 (AUD$0.25 per share)	**-**	1,800,000
At the end of the year		**139,614,135**	102,386,361

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

Details of shares issued above are outlined below:

i. On 17 September 2020, pursuant to the Company's Share Compensation Plan, 2,937,500 shares were issued to Employees and Directors of the Company upon conversion of RSU's which vested.
ii. On 26 October 2020, 5,137,382 shares at AUD$0.55 per share were issued in connection with the Private Placement announced on 13 October 2020. One unit comprised of one share and one option exercisable at AUD$0.90 per share, with an expiry date that is 24 months from the date of issuance.
iii. On 2 November 2020, 6,225,236 shares at AUD$0.55 per share were issued in connection with the Private Placement announced on 13 October 2020 following receipt of shareholders' approval at the Company's Annual General Meeting on 30 October 2020 in accordance with ASX listing rule requirements relating to future placement capacity. One unit comprised of one share and one option exercisable at AUD$0.90 per share, with an expiry date that is 24 months from the date of issuance.
iv. During the year, 3,612,726 bonus shares at an average price of AUD$0.33 per share were issued to Directors, employees and a consultant.
v. During the year, 837,997 shares at an average price of AUD$0.39 per share were issued to Consultants in consideration for consultancy fees.
vi. During the year, 15,248,936 shares were issued in connection with all outstanding convertible notes which were converted into Company shares prior to their maturity.
vii. During the year, 1,702,997 shares with a value of $250,000 were issued to Arrow Minerals Ltd pursuant to an agreement to acquire mineral tenure for the development of site infrastructure at Lake Giles Iron Project.
viii. During the year, 1,525,000 options were exercised. The value to Contributed Equity was AUD$353,963 (2020: $351,342). During the 2020 year, 1,420,000 options and 70,000 warrants were exercised.
ix. On 22 April 2019, pursuant to the Company's Share Compensation Plan, 2,750,000 shares were issued to Employees and Directors of the Company upon conversion of RSU's which vested.
x. On 25 June 2019, 21,838 shares at CAD$0.09 per share were issued to a Director in lieu of Director fees.
xi. On 2 December 2019, the Company issued 20,032,952 shares at a price of AUD$0.25 as part of its ASX IPO.

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

xii. On 19 December 2019 pursuant to the Company's Share Compensation Plan, 1,800,000 Bonus Shares were issued to directors, employees and consultants of the Company at a deemed price of AUD$0.25 per share, being the closing share price per Common Share on the ASX on the trading day immediately preceding the day on which they were issued. The value to Contributed Equity was AUD$450,000.

b) Reserves

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

Share-based payment reserve

The Group has issued share options, rights and warrants on specified terms. The cost of these items is measured by reference to their fair value at the date at which they are granted and expensed over the vesting period. The fair value is determined using Option valuation models.

Financial Asset Revaluation Reserve

The financial asset revaluation reserve records revaluations of financial assets.

Share Capital Reserve

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

Note 16: Warrant Liability

During the year ended 31 March 2021, no warrants were issued (31 March 2020 – 4,101,275). Where the warrants have an exercise price denominated in a currency which is different from the functional currency of the Company (Australian dollar), the warrants are treated as a financial liability. The Company's share purchase warrants are classified and accounted for as a financial liability at fair value with changes in fair value recognized in the Consolidated Statement of Profit and Loss. The warrant derivative liability is classified as level 2 in the fair value hierarchy. As of 31 March 2021, the Company had 25,777,188 (2020 – 25,777,188) warrants outstanding, which are classified and accounted for as a financial liability. The Company recognised a loss during the year of $9,683,407 (2020: ($1,680,335 gain) from changes in the fair value of the warrant liability. The value of warrant liability as at 31 March 2021 is $10,582,972 (2020: $899,565). There are 21,675,913 warrants due to expire in the next 9 months, and if they were to be exercised in accordance with the terms and conditions of the warrants, this will result in a significant cash inflow to the Group.

(Expressed in Australian Dollars)

Note 16: Warrant liability (cont'd)

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

Changes in the input assumptions can materially affect the fair value estimate and the Group's net loss and equity reserves. The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of the Canadian dollar denominated warrants, with the following assumptions:

	Year ended 31 March 2021	Year ended 31 March 2020
	Weighted average	*Weighted average*
Share price	**CAD $0.51**	**CAD $0.08**
Exercise price	**CAD $0.52**	**CAD $0.52**
Risk-free interest rate	**0.23%**	**0.46%**
Expected life of warrants	**0.79 years**	**1.89 years**
Annualized volatility	**278.98%**	**170.35%**
Dividend rate	**0%**	**0%**

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

The Company, in accordance with the Company's Employee and Consultant Share Compensation Plans ("Plans") and the policies of the TSX-V, is authorized to grant incentive stock options ("Options"), award equity restricted share units, or bonus shares or issue common shares from treasury pursuant to the Company's share purchase scheme to directors, employees and consultants to acquire in aggregate up to 20% of issued and outstanding ordinary shares as at 30 September 2020, being 125,599,345 Common Shares. Both of the Plans were approved on 30 October 2020 by the shareholders and replace the Company's previous Plans.

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

The fair value of all issued Options is measured and expensed as share-based compensation at the grant date if they are fully vested upon granting, otherwise the fair value is expensed over the vesting period. A corresponding increase is recorded to reserves (see Note 15). For further detail on the accounting treatment of share options refer to Note 2 accounting policies.

[1] Adjusted for consolidation of 4:1

(Expressed in Australian Dollars)

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

a) Options

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

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

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

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

During the year the Company's share price has ranged from CAD$0.09 to CAD$0.66. The weighted average remaining contractual life for the share options as at 31 March 2021 is 1.53 years. The weighted average value of options issued in the year is AUD$0.15 (2020: $0.035).

During the year ended 31 March 2021

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

During the year ended 31 March 2020

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

(Expressed in Australian Dollars)

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

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

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

During the year ended 31 March 2021

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

b) Restricted Share Units

During the year ended 31 March 2021

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

During the year ended 31 March 2020

On 3 September 2019, a total of 3,500,000 restricted share units ("RSUs"), were granted to employees and consultants, and Cameron McCall, Executive Chairman, Joe Phillips, CEO, Earl Evans, Non-Executive Director, Andrew Suckling, Non-Executive Director, and Alan Phillips, Non-Executive Director, Andrew Bruton, (then Company Secretary) as part of the executive consulting contracts entered into with the Company. The RSU's vest if the closing share price of the Company's shares on the TSX Venture Exchange is greater than CADf$0.32 for 20 consecutive trading days.

(Expressed in Australian Dollars)

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

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

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

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

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

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

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

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

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

c) Warrants

During the year ended 31 March 2021

(i) No warrants were issue during the year.

During the year ended 31 March 2020

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

(Expressed in Australian Dollars)

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

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

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

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

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

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

The weighted average remaining contractual life for the warrants as at 31 March 2021 is 0.79 years. The weighted average value of warrants issued in the year is $Nil (2020: $0.25). No warrants have been exercised or expired since March 31, 2021.

Note 19: Share Based Payments

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

The fair value calculated for options issued is expensed over their vesting period as share-based compensation and a corresponding amount is recorded to reserves. Refer to Note 18(a)(i) for details of options granted during the year.

(Expressed in Australian Dollars)

Note 19: Share Based Payments (cont'd)

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

	Year ended 31 March 2021	**Year ended 31 March 2021**	Year ended 31 March 2020
	Weighted average	***Weighted average***	*Weighted average*
Share price	**AUD$0.50**	**CAD$0.18**	CAD$0.24
Exercise price	**AUD$0.81**	**CAD$0.24**	CAD$0.31
Risk-free interest rate	**0.13%**	**0.28%**	1.72%
Expected life of options	**2.01 years**	**2.59 years**	3.00 years
Annualized volatility	**181.52%**	**152.76%**	243.78%
Dividend rate	**0%**	**0%**	0%

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over a commensurate period of time which approximates the expectations that would be reflected in a current market. The value of Share based payments during the year of $3,126,272 (2020: $1,046,663) was expensed to the statement of profit or loss and other comprehensive income.

Note 20: Related Party Transactions

a) Interests in subsidiaries

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

Name	**Country of Incorporation**	**% Equity Interest 2021**	**% Equity Interest 2020**
Esperance Iron Ore Export Company Pty Ltd	Australia	100	100
Macarthur Iron Ore Pty Ltd	Australia	100	100
Macarthur Lithium Pty Ltd	Australia	100	100
Macarthur Minerals NT Pty Ltd	Australia	100	100
Macarthur Tulshyan Pty Ltd	Australia	100	100
Macarthur Marble Bar Lithium Pty Ltd	Australia	100	100
Macarthur Australia Limited	Australia	100	100
Macarthur Lithium Nevada Limited	U.S.A	100	100

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

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

b) Other related party transactions

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

(Expressed in Australian Dollars)

Note 21: Key Management Personnel

The following persons were key management personnel of the Company:

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

Other
Andrew Bruton, CEO (from 1 December 2020)

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

Details of Remuneration
Refer to the Remuneration Report contained in the Director's Report for detail of the remuneration paid or payable to each member of the Group's Key Management Personnel.

Note 22. Right of Use Asset

a. Variable Lease Payments

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

b. Option to Extend or Terminate

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

c. AASB 16 Related Amounts recognised in the Groups Financial Statements

i. Statement of Financial Position

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

ii Statement of Profit or Loss and Other Comprehensive Income

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

iii Total Cash outflows

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

(Expressed in Australian Dollars)

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

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

As at 31 March 2021

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

As at 31 March 2020

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

Note 23. Convertible Note

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

Note 24: Commitments

a) Exploration expenditures

Certain future exploration expenditures are required to be undertaken by the Company as a minimum retention for exploration permits. These expenditures were set out in Note 12 to the Consolidated Financial Statements for the year ended 31 March 2021.

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

Note 25: Contingent Liabilities

a) Security Bonds

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

b) Supreme Court Proceedings

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

On 26 November 2013, the New Proceedings were stayed by consent pending payment of the indemnity costs of the dismissed Initial Proceedings and the appeal costs by LPD and Mayson. No steps have been taken in the New Proceedings by the plaintiff since 22 January 2015 and this matter remains ongoing.

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

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

On 5 July 2019, the FSDC Directors filed a notice of appeal to the Supreme Court of Queensland where the review will be held by the court on 28 August 2019. The appeal was subsequently set down for hearing on 24 October 2019. On 30 June 2020, the Court of Appeal handed down its decision, dismissing the appeal with costs.

Note 25: Contingent Liabilities (Cont'd)

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

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

Note 26: Subsequent Events

a) Exercise of options and warrants

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

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

b) Investment in FE Ltd

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

c) Share Based Compensation

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

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

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

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

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

(Expressed in Australian Dollars)

Note 27: Parent Information

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

Statement of Financial Position	**2021 $**	**2020 $**
ASSETS		
Current Assets	**5,186,755**	4,835,698
Non-Current Assets	**34,453,766**	32,081,651
Total Assets	**39,640,521**	36,917,349
LIABILITIES		
Current Liabilities	**10,890,213**	9,397,002
Non-Current Liabilities	**246,396**	310,930
Total Liabilities	**11,136,609**	9,707,932
EQUITY		
Issued Capital	**119,342,705**	104,794,986
Retained Earnings	**(97,887,863)**	(82,367,851)
Reserves	**7,049,070**	4,782,282
TOTAL EQUITY	**28,503,912**	27,209,417

STATEMENT OF COMPREHENSIVE INCOME	**2021 $**	**2020 $**
Profit/(loss) for the year	**(15,679,583)**	(4,193,156)
Total comprehensive profit/(loss) for the year	**(14,826,250)**	(4,226,491)

Contingent liabilities of the parent entity

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

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

At 31 March 2021, Macarthur Minerals Limited has not entered into any contractual commitments for the acquisition of property, plant and equipment (2020: Nil).

Note 28: Remuneration of Auditors

	Consolidated	
	2021 $	**2020 $**
During the year the following fees were paid or payable for services provided by the auditors.		
Nexia Brisbane:		
Audit and review of financial reports*	**66,500**	60,000
Other services	**5,982**	17,500
* *Included audit of half year accounts as per ASX requirements*	**72,482**	77,500
Davidson & Company LLP:		
Audit and review of financial reports in Canada	**19,367**	20,000
Other services	**2,841**	-
	22,208	97,500

Macarthur Minerals Limited
Directors' declaration

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

1. the financial statements and notes, as set out on pages 28 to 67 are in accordance with the *Corporations Act 2001 (Cth)* and:

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

   (ii) give a true and fair view of the financial position as at 31 March 2021 and of the performance for the year ended on that date of the consolidated group; and

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

On behalf of the board

Cameron McCall
Chairman

Dated: 30 June 2021

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Macarthur Minerals Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 March 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 31 March 2021 and of its performance for the year then ended; and

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

Basis for Opinion

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

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

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

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Nexia Australia

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Going Concern The financial statements have been prepared on a going concern basis using managements critical accounting estimates and judgements as outlined in Note 2(u). The Group has in the current financial year recorded a total comprehensive loss of $15.05m in the consolidated statement of profit or loss and other comprehensive income. (2020: $4.31m loss). Accumulated losses shown in the Consolidated Statement of Financial Position total $63.76m as at 31 March 2021 (2020: $47.88m). We considered the going concern assumption a key audit matter as there is inherent uncertainty associated with estimates and judgements associated with the Groups stage in operations and the going concern assumption relies on existing working capital, planned operations and uncertain future events generating sufficient cashflows to cover necessary expenditures.	In assessing the appropriateness of the going concern assumption used in preparing the financial statements, our procedures included, amongst others: • We considered the cashflow requirements of the Group over 15 months from 31 March 2021 based on budgets and forecasts; • We gained an understanding of what budgeted expenditures are committed and what could be considered discretionary; • We considered the liquidity of existing assets on the balance sheet and their capacity to increase working capital; • We considered potential downside scenarios of management assumptions and the resultant impact on available funds; • We tested the mathematical accuracy of the Groups forecasts; • We inspected signed agreements and considered the terms of the equity finance facility and the amount available for drawdown; • We considered whether the disclosures in the financial statements were in compliance with accounting standards

Nexia Australia

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

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Exploration and Evaluation Expenditure ***Refer to note 12 (Exploration and Evaluation Assets)*** As at 31 March 2021 the carrying value of exploration and evaluation assets is $67,513,545 (2020: $66,218,216). The Group's accounting policy in respect of exploration and evaluation assets is outlined in Note 2(d). The carrying value of exploration and evaluation assets is a key audit matter as it is the significant asset of the Group, it is material to the Group financial statements, and significant judgement is applied in determining whether the capitalized exploration and evaluation assets meet the recognition criteria set out in AASB 6 Exploration for and Evaluation of Mineral Resources.	Our procedures included, amongst others; • We obtained evidence as to whether the rights to tenure of the areas of interest remained current at balance date and that rights to tenure are expected to be renewed for tenements that will expire in the near future; • We obtained evidence of the future intentions for the areas of interest, planned expenditure and related exploration programmes; • We obtained an understanding of the status of ongoing exploration programmes, for the areas of interest; • We reviewed a sample of capitalised costs to supporting documentation to ensure they had been capitalised in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources; • We evaluated the Group's assessment that there had been no indicators of impairment for its capitalised exploration and evaluation assets, including inquiries with management and directors to develop an understanding of the current status and future intentions for the Group's exploration projects; and • We considered the adequacy of disclosures included within Note 12 of the financial report.

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

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Fair Value Measurement of Share-based Payments ***Refer to notes 15/16/17/18/19*** During the year the Group entered into a number of share based payments by way of issuing shares, options and restricted share units. The Group's accounting policy in respect of share based payments is outlined in Notes 2(l) and 2(r). For the year ended 31 March 2021 the amount charged to profit or loss in respect of share based payments totaled $3,126,272 (2020: $1,046,663) and the amount credited to profit or loss in respect of fair value adjustments of warrants totaled $9,683,407 (2020: $1,680,335 debit). Accounting for share based payments is a key audit matter as it is material to the Group's financial statements, and significant judgement is applied in determining the fair value of share based payments.	Our procedures included, amongst others: • We obtained evidence of the terms and conditions of the share based payments; • We obtained evidence of, and tested the assumptions and calculations made by management to account for the payments; and • We assessed the adequacy of the relevant disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 March 2021, but does not include the financial report and the auditor's report thereon.

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

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

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

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

Responsibilities of the Directors' for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 23 of the Directors' Report for the year ended 31 March 2021.

In our opinion, the Remuneration Report of Macarthur Minerals Limited Ltd for the year ended 31 March 2021 complies with section 300A of the *Corporations Act 2001*.

Nexia Australia

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

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Gavin Ruddell
Director

Level 28, 10 Eagle Street
Brisbane, QLD, 4000

Date: 30 June 2021

Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2001

To the Directors of Macarthur Minerals Limited

As lead auditor for the audit of Macarthur Minerals Limited financial report for the year ended 31 March 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

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

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Gavin Ruddell
Director

Date: 30 June 2021

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Corporate Governance

Macarthur's Board is committed to conducting the Company's business ethically and in accordance with high standards of corporate governance. In determining those standards, the Company supports the intent of the ASX Corporate Governance Council Principles and Recommendations 4th Edition (Principles and Recommendations) and meets the specific requirements of the Principles and Recommendations during the reporting period, unless otherwise disclosed. The Company will continue to adapt its governance practices and make changes as appropriate, having regard to the nature and scale of the Company's business.

A full copy of the Corporate Governance Statement is available on the Company's website at www.macarthurminerals.com. The practices reflect the Company's existing corporate governance policies and is current as at 30 June 2021.

Additional ASX Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is current as at 24 June 2021.

a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Ordinary Shares	
	Number of holders	Number of shares
1 - 1,000	55	40,654
1,001 - 5,000	211	565,208
5,001 - 10,000	105	923,507
10,001 - 100,000	214	8,048,482
100,001 Over	92	131,036,284
	677	**140,614,135**

b) Twenty largest shareholers

The names of the twenty largest holders of quoted ordinary shares are:

	Name	Number of ordinary shares	% of issued capital
1	CANADIAN REGISTER CONTROL\C	76,206,796	54.20
2	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	6,522,032	4.64
3	EYEON INVESTMENTS PTY LTD <EYEON INVESTMENTS FAMILY A/C>	3,865,010	2.75
4	H & K SUPER MANAGEMENT PTY LTD <H & K SUPER FUND A/C>	3,430,934	2.44
5	FIRST APOLLO CAPITAL LIMITED	3,178,993	2.26
6	BNP PARIBAS NOMS PTY LTD <DRP>	3,125,460	2.22
7	MR CAMERON HUGH MCCALL	1,784,951	1.27
8	SPACETIME PTY LTD <COPULOS EXEC S/F NO 1 A/C>	1,781,818	1.27
9	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	1,400,172	1.00
10	TAPLIN CORPORATE FINANCE PTY LTD <TAPLIN SUPER FUND A/C>	1,382,885	0.98
10	MR JOSEPHUS ANTONIO GROOT	1,000,000	0.71
12	COLOURDOME PTY LTD	818,182	0.58
13	RETZOS EXECUTIVE PTY LTD <RETZOS EXECUTIVE S/FUND A/C>	815,501	0.58
14	MR ALEXANDER JOHN PEDEN + MRS MARY LOUISA PEDEN	807,296	0.57
15	CITICORP NOMINEES PTY LIMITED	794,804	0.57
16	EYEON NO 2 PTY LTD	767,230	0.55
17	CITYWEST CORP PTY LTD <COPULOS SUNSHINE UNIT A/C>	741,203	0.53
18	ORBIT DRILLING PTY LTD	720,830	0.51
19	MR NICHOLAS CALILE MALOUF	718,516	0.51
20	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	718,451	0.51
Top 20 holders		**110,581,064**	**78.64**
Total Remaining Holders Balance		**30,033,071**	**21.36**

c) Voting rights

All ordinary shares issued by the Company carry one vote per share without restriction.

Additional ASX Information *(Cont'd)*

d) Schedule of Tenements

The Company holds or has interests in the following properties:

Tenement Number	Area[1]		Application/Grant Date	Expiry Date	Holder	Project
Yilgarn Projects						
M30/0206	189	HA	14-Nov-18	01-Jul-28	MIO	Lake Giles Project
M30/0207	171	HA	02-Jul-07	01-Jul-28	MIO	Lake Giles Project
M30/0213	258	HA	02-Jul-07	12-Jun-32	MIO	Lake Giles Project
M30/0214	260	HA	13-Jun-11	12-Jun-32	MIO	Lake Giles Project
M30/0215	521	HA	13-Jun-11	12-Jun-32	MIO	Lake Giles Project
M30/0216	55	HA	13-Jun-11	12-Jun-32	MIO	Lake Giles Project
M30/0217	114	HA	13-Jun-11	12-Jun-32	MIO	Lake Giles Project
M30/0227	504	HA	13-Jun-11	12-Jun-32	MIO	Lake Giles Project
M30/0228	362	HA	13-Jun-11	01-Jul-28	MIO	Lake Giles Project
M30/0229	205	HA	02-Jul-07	01-Jul-28	MIO	Lake Giles Project
M30/0248	585	HA	02-Jul-07	21-Feb-33	MIO	Lake Giles Project
M30/0249	1,206	HA	22-Feb-12	21-Feb-33	MIO	Lake Giles Project
M30/0250	102	HA	22-Feb-12	04-Mar-34	MIO	Lake Giles Project
M30/0251	1,246	HA	05-Mar-13	26-Nov-33	MIO	Lake Giles Project
M30/0252	478	HA	27-Nov-12	26-May-34	MIO	Lake Giles Project
L30/0071	1,396	HA	28-Oct-20	27-Oct-41	MIO	Lake Giles Project
E30/522	28	SB	23-Apr-20	Under Application	MIO	Lake Giles Project
L 15/409	97	HA	25-Jul-20	Under Application	MIO	Lake Giles Project
L 16/133	923	HA	25-Jul-20	Under Application	MIO	Lake Giles Project
L 30/89	23,663	HA	26-Mar-21	Under Application	MIO	Lake Giles Project
L 30/90	43	HA	26-Mar-21	Under Application	MIO	Lake Giles Project
L 30/91	93	HA	26-Mar-21	Under Application	MIO	Lake Giles Project
L 30/92	31,650	HA	26-Mar-21	Under Application	MIO	Lake Giles Project
E77/2543	3	SB	14-Nov-18	13-Nov-23	EIOEC	Mount Jackson Project
E77/2542	12	SB	04-Feb-20	03-Feb-25	EIOEC	Mount Jackson Project
E77/2521	23	SB	24-Apr-18	Under Application	EIOEC	Mount Manning Project
Pilbara Projects						
E45/4848	1	SB	14-Dec-17	13-Dec-22	MLi	Pilbara Project
E46/1210	14	SB	02-Jul-18	01-Jul-23	MLi	Pilbara Project
E45/5324	4	SB	05-Apr-19	04-Apr-24	MLi	Pilbara Project
E45/4685	11	SB	12-Jan-17	11-Jan-22	MLi [2]	Pilbara Project
E45/4708	27	SB	21-Nov-17	20-Nov-22	MLi [2]	Pilbara Project
E45/4709	22	SB	21-Nov-17	20-Nov-22	MLi [2]	Pilbara Project
E45/4764	4	SB	10-Aug-17	09-Aug-22	MLi [2]	Pilbara Project
E45/4735	5	SB	21-Nov-17	20-Nov-22	MLi [2]	Pilbara Project
E45/4779	33	SB	16-Jan-18	15-Jan-23	MLi [2]	Pilbara Project
E45/4824	65	SB	05-Dec-17	04-Dec-22	MLi [2]	Pilbara Project
E45/4732	43	SB	21-Nov-17	20-Nov-22	MLi [2]	Pilbara Project
Nevada Projects						
RVL 1 to 210	1700	HA		1-Sept-20	MLN	Nevada Lithium Project

[1] 1 sub-block (SB) = approx. 3.2km^2 in the Pilbara and 2.8km2 in the Yilgarn.

[2] Tenements subject to an earn-in agreement with FE Limited