MACARTHUR MINERALS LIMITED
Australian Company Number 103 011 436

ANNUAL REPORT

31 March 2020

ASX: MIO – TSXV: MMS

All amounts are in Australian dollars unless otherwise stated

AUSTRALIAN ANNUAL REPORT MACARTHUR MINERALS

MACARTHUR Minerals

Annual Report - Year ended 31 March 2020

Contents **Page**

Chairman's 2020 Highlights

Macarthur Minerals has one of the largest advanced 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 A$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 priority is to contract the Esperance to Kalgoorlie rail line and through the iron ore load-out facility at the Port of Esperance.

In addition to this, the Company's corporate Strategy during 2019/2020 has been to:

1. Re-value the iron ore assets through completion of a NI43-101 Preliminary Economic Assessment of a combined magnetite and hematite operation; and
2. Reposition the non-core iron ore assets (Gold, Lithium, Copper and Nickel/ Cobalt) for further development and exploration (which has been achieved with the recent earn-in announcement between MMS and Fe Limited (ASX-FEL)).

AUSTRALIAN ANNUAL REPORT MACARTHUR MINERALS

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. That agreement will ensure consistent long-term revenue for the Company. 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. Finally, Macarthur has entered into a Joint Venture arrangement for the non-iron tenements to Australian listed explorer, Fe Limited and groundwork on this portfolio has commenced. This was a strategic step which will allow the Company to focus on delivering the Lake Giles iron ore portfolio which has been the Company's core project since 2006.

To cap off a busy year, the company achieved a significant milestone by completing a listing on the Australian Securities Exchange to compliment its existing listing on the Toronto Stock Exchange Venture.

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 2019/20 that have afforded the Company optimism around the commercialisation of these assets are:

- The commodity cycle uplift due to higher steel margins and operational disruptions in Australia and Brazil reducing seaborne supply.
- 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 by 2020.
- A return to commodities by the Capital Markets driven by global low interest rates and a return to growth in 2019 by many major economies.

These factors in combination with the Company entering in to a 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 debt project financing for the combined hematite and magnetite iron projects.

Nickel and cobalt – Lake Giles

A 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.

Partners are being solicited to work with Macarthur on the exploration of this area for Nickel and Cobalt.

Pilbara gold projects

The Company holds Exploration Licences in the Pilbara region of Western Australia which are prospective for gold. These licences form part of an exploration farm-in and joint venture agreement (JV Agreement) with Fe Limited (FEL).

FEL completed a drilling program in November 2019 focussing on the gossan line and outcropping quartz reefs. A total of 36 holes for 1,798 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.

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.

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. FEL will fund and manage exploration for the lithium projects in the Pilbara in accordance with the terms of the JV Agreement.

In November 2019 FEL completed a geological review of the tenements which are the subject of the JV Agreement based on recent site visits. Macarthur and FEL amended the agreement to excise three (3) tenements and surrender a further seven tenements.

The JV Agreement now covers eight (8) tenements including the Hillside, Panorama and Strelley Projects. Macarthur has retained the three (3) tenements excised from the JV Agreement and is working to identify suitable parties to farm-in to these projects.

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 LithiumOre). 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.

Covid-19 Impacts
The Company is well placed to respond to the impacts of the current Covid-19 pandemic. It took early steps to actively identify and rationalise its operations, where required, in order to preserve its cash position. 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 2020 quarter. The Board remains confident that current market and the initiation of global stimulus measures provides an opportunity for the Company to advance its objectives. Provided that travel and regional access restrictions do not unduly impede progression of necessary components of the Company's study programs (such as completion of seasonal environmental surveys), the Company does not currently foresee material adjustments to its target project timeframes. However the Company will continually monitor events and adjust to circumstances as they arise.

Remote working arrangements have been seamlessly implemented across interstate 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.

The Company will continue to work closely with Fe Limited to advance further exploration of the high-quality lithium, gold and base metal tenements held in the Pilbara. In Nevada, based on the results of American Battery Metals geological test work and metallurgical extraction review, the Company will consider and determine the priority of further work on these claims in light of the other opportunities in the Macarthur project portfolio.

I would like to take this opportunity to thank all of our shareholders, project partners and stakeholders for their continued support of Macarthur. 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 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) 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. The Company is incorporated in Australia and registered in Queensland.

Directors
Cameron McCall, Executive Chairman
Alan Joseph ("Joe") Phillips, CEO and Director
Alan Phillips, Non-Executive Director
David Lenigas, Independent Director (resigned 21 May 2019)
Andrew Suckling, Independent Director (appointed 21 May 2019)
Earl Evans, Independent Director (resigned 20 September 2019)
Daniel Lanskey, Independent Director (appointed 20 September 2019)

Company Secretary
Alan Joseph ("Joe") Phillips (resigned 2 September 2019)
Andrew Bruton (appointed 2 September 2019)

Registered and Head Office
Suite G03
555 Coronation Drive
Toowong QLD 4066
Australia

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

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

Website address: www.computershare.com

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

Website address: www.computershare.com.au

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

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

Website address: www.nexia.com.au

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

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

Website address: www.davidson-co.com

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.

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

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

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

The Inferred Mineral Resource estimate for the Moonshine Magnetite Project was initially prepared by CSA Global (NI 43-101 Technical Report, 2009[2]) and was updated by Snowden Mining Industry Consultants in 2011 (NI 43-101 Technical Report, 2011[3]). The Moonshine Magnetite Project has an Inferred Mineral Resource consisting of approximately 1,316 Mt @ 30.1% Fe. This mineral resource can be beneficiated to produce a plus 68% Fe magnetite concentrate.

In June 2019, Macarthur released the results of its Preliminary Economic Assessment on the Lake Giles Iron Ore Project.[4]

The key elements that have been revised contributing to substantial cost savings include:

- road haulage along a private haul road 90 km to rail south of the Project
- access to the export infrastructure at the Port of Esperance
- utilisation of the open access rail line running between Perth and Kalgoorlie
- removal of slurry transport in favour of road haulage to a rail terminal
- product stream consisting high grade >65% Fe magnetite and hematite fines concentrate
- reducing the size of the magnetite project from 10 to 3 Mtpa
- reducing the estimated operating cost of hematite to A$44.71/t shipped FOB
- confirming the estimated operating cost of magnetite to A$53.47/t FOB

1 NI 43-101 Technical Report filed 1 October, 2012, titled "NI 43-101 Technical Report, Macarthur Minerals Limited, Pre-Feasibility Study, Ularring Hematite Project, Western Australia."
2 NI 43-101 Technical Report filed December 17, 2009, titled "NI 43-101 Technical Report on Lake Giles Iron Ore Project: Western Australia."
3 NI 43-101 Technical Report filed March 25, 2011, titled "Macarthur Minerals Limited: Moonshine and Moonshine North Prospects, Lake Giles Iron Project, Western Australia, NI 43-101 Technical Report – Preliminary Assessment".
4 Refer to the Company's news release dated June 17, 2019.

Report on Operations *(Cont'd)*

The revised cost estimates from the 2019 PEA are as follows:

	Hematite 2019 Revised Estimate	Magnetite 2019 Revised Estimate
Opex (/t FOB)	A$44.71	A$53.47
Capex (million)	A$466.3	

Since the release of the Preliminary Economic Assessment the Company has commenced its work for a Feasibility Study (FS). That work is well underway with a program of infill drilling completed in December 2019. The program included 21 Reverse Circulation (RC) holes for 3,322 metres and nine diamond drill holes (DDH) completed (1676.2 metres). Seven of the DDH holes were drilled with RC pre-collars for total RC drilling of 3676 metres and DD drilling of 1322.5 metres. XRF assays for all samples have been obtained from the laboratory with Davis Tube Recovery (DTR) analysis underway.

On 14 November 2019, the Company made application for two "water search miscellaneous licences" for the purpose of exploring for groundwater to support magnetite processing for the Lake Giles Iron Project. The applications cover 4,595 ha of the Raeside and Rebecca palaeovalleys and a known fractured rock aquifer surrounding the non-operational Carina mine, 45 km south of the Project.

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.

Treppo Grande & Mt Jackson Iron Ore 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 8 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.

In addition, an ethnographical cultural heritage survey by the Traditional Owners has cleared the area for sites of significance. The Treppo Grande Project was explored in recent years for high grade hematite iron ore mineralisation. Historical exploration identified three potentially economic styles of Direct Shipping Ore ("DSO") mineralisation including massive dense haematitic ironstones, specular hematite and oxidised 'Indurated Detrital Ironstone'. A drilling programme consisting of two diamond holes penetrated the haematitic 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.

WESTERN AUSTRALIAN GOLD PROJECTS

Hillside Gold Project

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.

Report on Operations *(Cont'd)*

This group of tenements is located approximately 185 kilometres ("km") South East of Port Hedland and 50 km South West 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).

In November 2019, FEL completed a drilling program. 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 28m
- HRC036: 1m @ 0.18% Cu, 0.12% Zn from 25m and 1m @0.27% Cu from 40m.

Strelley Gorge

During FEL's recent reconnaissance trip to the Strelley Project in the Pilbara, samples were taken from the outcropping Banded Iron Formation ("BIF") continuing along strike from the previously mined Abydos iron ore project owned by Atlas Iron.

Two rock samples were taken from iron rich outcropping BIF with both returning significant iron assay results

The Hillside Gold Project forms parts of the earn-in agreement with Australian company Fe Limited ("FEL").

Panorama Gold Project

The Panorama Gold Project encompasses Exploration Licenses E45/4732, E45/4764 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.

The Panorama Gold Project forms parts of the earn-in agreement with FEL.

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 favourable tectonic and structural setting and is well supported by surface geology featuring volcanic sequences comprising of high Mg basalts and Kambalda type komatiitic ultramafic flows in which nickel-sulfide ore bodies are hosted.

Report on Operations *(Cont'd)*

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 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. The Company completed 395 meters of Reverse Circulation "RC" drilling at Moonshine North in October 2018. Both holes successfully 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").

During the year the company received assay results for the two Reverse Circulation ("RC") drill holes completed at Moonshine North. 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.

In March 2019, the Company received a $85,000 grant under the DMIRS Exploration Incentive Scheme to fund 50% of drilling a deep diamond hole targeting nickel mineralisation at the Moonshine deposit and lapses on 30 June 2020 if drilling is not completed within the period.

WESTERN AUSTRALIAN LITHIUM PROJECTS

Macarthur Minerals has 11 Exploration Licenses in the Pilbara covering a total area of approximately 721km^2.

Tambourah Lithium Project

The Tambourah Lithium Project consists of Exploration Licence 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 Licence 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.

WESTERN AUSTRALIAN GOLD AND LITHIUM PROJECTS EARN-IN AGREEMENT

On 14 May 2019 Macarthur entered into an option agreement with ASX listed exploration Company Fe Ltd (ASX: FEL) to acquire up to 75% of the 18 tenements in the Pilbara. FEL will fund and manage exploration for the gold and lithium projects in the Pilbara.

In November 2019 FEL completed a geological review of the JV tenements based on recent site visits. Macarthur and FEL amended the agreement to excise three tenements and surrender a further seven tenements. The JV agreements now covers eight tenements including the Hillside, Panorama and Strelley Projects. Macarthur retained the three tenements excised from the FEL JV agreement and is working to identify suitable parties to farm-in to these projects.

Report on Operations *(Cont'd)*

NEVADA BRINE LITHIUM PROJECT

Reynolds Springs Lithium Brine Project

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

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

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

In 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 considering obtaining a permit to either re-enter one or more of the old wells or to drill new test wells or both.

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 2020. 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	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. 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 & Director	Mr Phillips was appointed as Executive Director on 11 October 2017 and as CEO on 24 October 2017. 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 David Lenigas Independent Director Chairman of Audit and Risk Committee	Mr Lenigas was appointed as Independent Director on 11 July 2016. Mr Lenigas is a Mining Engineer, with extensive experience in the lithium business. Mr Lenigas resigned on 21 May 2019.
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 Earl Evans
Independent Director

Member of Audit and Risk Committee

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

Mr Evans has held numerous senior executive roles throughout his 26-year career in the financial services industry and is currently Joint CEO of Shaw and Partners which is one of Australia preeminent investment firms with offices in each state of Australia, managing $14 billion in assets.

Mr Evans resigned on 20 September 2019.

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	-	-
David Lenigas	Southern Hemisphere Mining Limited (ASX: SUH)	24 Mar 2017 – Current
	Artemis Resources Limited (ASX: ARV)	3 Nov 2016 – 5 Feb 2019
	LGC Capital Ltd. (TSX-V: QBA)	13 Jul 2016 – Current
	Auroch Minerals (ASX: AUO)	7 Nov 2016 – 5 June 2018
	AfriAg plc (ISDX: AFRI)	30 Jun 2016 – Current
	Doriemus plc (ISDX: DOR)	27 Jul 2016 – 19 June 2019
	Leni Gas Cuba Limited (now subsidiary of LGC Capital Ltd. and no longer listed (ISDX: CUBA))	15 Apr 2015 – 13 Jul 2016
Alan Phillips	-	-
Joe Phillips	-	-
Earl Evans	-	-
Andrew Suckling	Cadence Minerals PLC	21 Dec 2015 - Current
Daniel Lanskey	Tillegrah Limited	24 Jul 2017 - current
	Timeless Capital Corp.	2 August 2018 - current

Directors' Report *(Cont'd)*

Company Secretary

Mr Joe Phillips resigned as company secretary on 2 September 2019 and Mr Andrew Bruton was appointed as Executive General Manager (Corporate) and Company Secretary on 2 September 2019.

Name, Independence Status and Special Responsibilities	Experience, expertise and qualifications
Mr Joe Phillips Company Secretary	Please see details above. Mr Phillips was appointed to the position of Company Secretary on 11 January 2019 and resigned from the position of Company Secretary on 2 September 2019.
Mr Andrew Bruton Company Secretary	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.

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 2020 $	**Year ended 31 March 2019 $**
Operating Expenses	**(5,958,536)**	(2,347,095)
Total comprehensive profit(loss) for the year	**(4,310,448)**	51,117,215

Directors' Report *(Cont'd)*

The Group's consolidated comprehensive loss for the year ended 31 March 2020 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 2020	Year ended 31 March 2019
Cash and cash equivalents	4,518,165	318,028
Exploration and Evaluation assets	66,218,216	62,993,644
Property, Plant and Equipment	63,729	15,667
Total Assets	71,936,697	63,432,987
Accounts payable and accrued liabilities	905,660	364,667
Total Liabilities	10,372,448	3,006,154
Net Assets	61,564,249	60,426,833
Net Working Capital [1]	4,030,542	16,230

[1] The Net Working Capital of $4,030,542 (2019: $16,230) excludes those amounts attributable to the warrant liability of $899,565 (2019: $2,579,901) and the Convertible Notes liability of $8,134,049 (2019: Nil) .

At 31 March 2020 the Group had net assets of $61,564,249 compared to $60,426,833 at 31 March 2019. The increase is due largely to an increased cash balance from the successful capital raise during the year and an increase in capitalised Exploration and evaluation assets. The increase in these assets in somewhat offset by the issue of Convertible Notes.

The Group's cash and cash equivalents balance was $4,518,165 at 31 March 2020 which was an increase of $4,200,137 from 31 March 2019.

The Group's net working capital at 31 March 2020 was $4,030,542 compared with net working capital of $16,230 at 31 March 2019. The Net Working Capital of $4,030,542 (2019: $16,230) excludes those amounts attributable to the warrant liability of $899,565 (2019: $2,579,901) and the Convertible Notes liability of $8,134,049 (2019: Nil) on the basis that the Company does not have any obligation to redeem the Warrants for cash and the Company does not have any obligation to redeem the Convertible Notes for cash until June 2022. 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 Group's current plans for further development of its exploration projects in the next 12-24 months will require funding in addition to the Group's current working capital availability. Consequently the Group's continuing operations are dependent upon the ability to raise either additional equity capital or other funding, project financing or generate cash flow from operations in the future, which could include the realisation through sale of part or all exploration assets, none of which is assured. This depends upon the realisation of economic, operating and trading assumptions about future events and actions, which may not necessarily occur, and the successful implementation of management plans to commercialise its mining projects through development or sale and to manage the Group's affairs to meet its commitments until this takes place. These conditions may cast significant doubt about the Group's ability to continue as a going concern. The Group is satisfied that it is well placed to continue as a going concern for at least 12 months from the date of this report due to its large cash position being sufficient to meet the Groups operating needs and meet its minimum financial requirements regarding its tenement obligations. The Group does not have any obligations to extinguish its liability attributable to the issued warrants via cash payments and the Group maintains an unconditional right to defer the settlement of the Convertible Notes via cash payments until at least June 2022.

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 2020, the Group raised funds from new equity of $5,305,350, which included $5,008,238 raised from its IPO on the Australian Securities Exchange completed in December 2019.

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.

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.

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 where the court of appeal has reserved its judgement with no indication of the timing of judgement being handed down.

The Company considers the FSDC Directors' Claim is without merit and will vigorously defend the FSDC Directors' Claim. Legal advisors have been appointed by the Company in respect of the FSDC Directors' Claim.

ASX dual listing

On 30 September 2019 the Company announced its intention to seek a dual listing on the Australian Securities Exchange ("ASX") before the end of 2019. To this effect the Company engaged Shaw and Partners Limited ("Shaw") as Lead Manager for the public offering of its securities to Australian retail and to institutional investors and completed and lodged on 15 October 2019 the Macarthur Minerals Prospectus, which was replaced on 30 October 2019 by the Replacement Prospectus.

In order to meet listing requirements on ASX, it was necessary for the Company to undertake a consolidation of securities listed on TSX-V. Consequently, on 31 October 2019 an Extraordinary General meeting of shareholders was held and shareholders approved the consolidation of the Company's Share Capital ("Share Consolidation") on the basis of one (1) post-consolidation common share for four (4) pre-consolidation shares of the Company ("Consolidation Ratio").

The Company had 322,033,625 common shares outstanding and on completion of the consolidation had 80,508,409 common shares outstanding. The number and exercise price of common shares issuable under, any warrants, options, restricted share units and convertible notes of the Company have been adjusted in accordance with the Consolidation Ratio.

The Company's ASX dual listing offer to raise up to maximum of A$7.5million opened on 31 October 2019 and successfully closed under its Replacement Prospectus on 28 November 2019 with final subscriptions accepted for 20,032,952 shares at a price of A$0.25 per share for a total consideration of A$5,008,238. Funds from the ASX IPO will be primarily used to advance the Company's flagship Lake Giles Iron Project.

The Share Consolidation was successfully completed on 20 November 2019. The Company was admitted to the Official List of ASX on 4 December 2019 and commenced quotation of its securities on ASX on 6 December 2019.

Directors' Report *(Cont'd)*

Private Placement

The Company announced a non-brokered private placement (the "Offering") of up to US$6 million of secured Convertible Note ("Note") on 19 March 2019.

On 10 July 2019, the Company closed the Offering for gross proceeds of US$6,000,000 with final acceptance received from the Exchange on 11 July 2019. During the period ended 31 December 2019, USD$1,000,000 of subscribed Convertible Notes were rescinded.

Warrants

The extension of the expiry date of 31,712,730 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 2020.

The expiry date of 14,252,400 and 40,738,520 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

On 19 December 2019, pursuant to the Company's Share Compensation Plan ("Plan"), the Company granted a total of 1,800,000 bonus shares ("Bonus Shares") to directors, employees and consultants of the Company, with a deemed price on grant being the closing price on the TSX-V which is equivalent to A$0.25 per share.

Since the year end and up to the date of signing this report, a total of 3,500,000 performance based options have been issued by the Company to EAS Advisor LLC and Investor Cubed Inc. respectively.

Appointment of 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 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.

Engagement of Investor Cubed Inc.

Investor Cubed Inc. has been engaged to provide shareholder communication services effective from 17 February 2020. In connection with the engagement, Investor Cubed has been awarded a consulting contract of CAD$2,500 per month for a term of three months.

On 13 May 2020, the Company entered into a superseded agreement with Investor Cubed. 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 C$0.16 expiring 31 December 2022. 2) 500,000 Options exercise price C$0.24 expiring 31 December 2022. 3) 500,000 Options exercise price C$0.32 expiring 31 December 2022

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.

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 29 August 2019 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.

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.

Board Changes

On 21 May 2019, David Lenigas resigned as an Independent Director and Andrew Suckling was appointed as an Independent Director in his replacement.

On 20 September 2019, Earl Evans resigned as a Non-Executive Director and Daniel Lanskey was appointed as an Independent Director in his replacement.

The Board is now comprised of Mr Cameron McCall as Executive Chairman, Mr Joe Phillips as CEO and Director, Mr Andrew Suckling as Independent Director, Mr Daniel Lanskey as Independent Director and Mr Alan Phillips as Non-Executive Director. On 2 September 2019, Andrew Bruton was appointed as Executive General Manager (Corporate) and Company Secretary.

Technical Report for Lake Giles Iron Ore Project

The results of the Preliminary Economic Assessment ("PEA") undertaken by independent consultants Engenium Pty Ltd ("Engenium") for the Company's 100% owned Lake Giles Iron Ore Project ("the Project") in Western Australia was issued and filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") on 17 June 2019.

The PEA was completed for a 2.5 to 3.4 Mtpa operation incorporating the Moonshine Magnetite and Ularring Hematite Mineral Resources to produce a high-grade blended concentrate in excess of 65% Fe.

The technical and financial evaluation in the PEA indicates the Project is potentially economically viable and further project development is justified.

The independent technical report, entitled "NI43-101 Technical Report, Macarthur Minerals Limited, Preliminary Economic Assessment Lake Giles Iron Project, Western Australia, (the "2019 Technical Report") with an issue date of 13 June 2019, was prepared in accordance with the requirements of National Instrument 43-101 ("NI 43-101").

Directors’ Report *(Cont’d)*

Likely future developments and expected results

There are no additional matters or likely 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.

Events after the reporting period

i) Covid-19 impact

The Company is well placed to respond to the impacts of the current Covid-19 pandemic. It took early steps to actively identify and rationalise its operations, where required, in order to preserve its cash position.

The Board remains confident that current market and the initiation of global stimulus measures provides an opportunity for the Company to advance its objectives. Provided that travel and regional access restrictions do not unduly impede progression of necessary components of the Company’s study programs (such as completion of seasonal environmental surveys), the Company does not currently foresee material adjustments to its target project timeframes. However the Company will continually monitor events and adjust to circumstances as they arise.

Remote working arrangements have been seamlessly implemented across interstate lines. Board and Management are ensuring that productivity is being optimised and that the Macarthur team remains focused on delivering outcomes.

ii) Appointment of EAS Advisors

In connection with EAS Advisor engagement, a total of 2,000,000 performance based options were issued on 28 May 2020, granted as follows: 1) 500,000 options exercise price A$0.16 per fully paid ordinary share expiring 31 December 2020. 2) 500,000 options exercise price A$0.34 per fully paid ordinary share.3) 500,000 options exercise price A$0.36 per fully paid ordinary share. 4) 500,000 options exercise price A$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.

On 3 June 2020, 171,479 ordinary shares were issued to EAS Advisor settled as the first quarter equity payment.

iii) Engagement of Investor Cubed Inc

In connection with Investor Cubed engagement and pursuant to the Company’s Share Compensation Plan (“Plan”), 1,500,000 options were issued on 28 May 2020, granted as follows: 1) 500,000 Options exercise price C$0.16 expiring 31 December 2022. 2) 500,000 Options exercise price C$0.24 expiring 31 December 2022. 3) 500,000 Options exercise price C$0.32 expiring 31 December 2022.

iv) 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 is currently subject to review and approval by Financial Industry Regulatory Authority ("FINRA") and OTC Markets Group.

v) Agreement with Arrow Minerals Limited

As part of the consideration for entering into an agreement with Arrow Minerals Limited ("Arrow") on 20 December 2020, Macarthur has issued 1,702,997 shares valued at $250,000 on 23 June 2020 at AUD$0.1468 per share.

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 2020, 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 detailed 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	-	14%	86%
J Phillips	CEO and Director	No fixed duration, 12 months notice	-	22%	78%
Non-executive Directors					
A Phillips	Non-executive Director	No fixed duration, 3 months notice	-	-	100%
A Suckling	Non-executive Director	No fixed duration, 3 months notice	-	39%	61%
D Lanskey	Non-executive Director	No fixed duration, 3 months notice	-	56%	44%
E Evans	Non-executive Director	No fixed duration, 3 months notice	-	-	100%
D Lenigas	Non-executive Director	No fixed duration, 3 months notice	-	100%	-

<u>*Details of Remuneration*</u>

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

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 2020 was $59,941.

Directors' Report *(Cont'd)*

Remuneration Report (Cont'd)

Total remuneration of each key management personnel of the Company for the year ended 31 March 2019 is set out below.

2019	**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	120,000	-	-	-	-	-	86,101	206,101
J Phillips	120,000	-	-	-	-	-	75,833	195,833
Non-Executive Directors:								
A Phillips	80,000	-	-	-	-	-	86,419	166,419
D Lenigas[2]	60,000	-	-	-	-	-	86,419	146,419
E Evans [1]	8,877	-	-	-	-	-	69,341	78,218
Total	**388,877**	**-**	**-**	**-**	**-**	**-**	**404,113**	**792,990**

[1] E Evans was appointed on 5 February 2018. His letter of engagement stipulates that he will forego the first year of Director's Fees in lieu of bonus shares issued in February 2018. The amount shown for the year ended 31 March 2019 includes Director Fees from 5 February to 31 March 2019.
[2] D Lenigas resigned 21 May 2019.

Remuneration accrued and payable to key management personnel as at 31 March 2019 was $54,209. Equity instrument disclosures relating to key management personnel proportionately adjusted in accordance with the consolidation of the Company's Share Capital on 20 November 2019.

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 [1]	**Granted as remuneration**	**Issued on Exercise of Options and RSU's**	**Other Changes During the Year**	**Balance at End of the Year**
C McCall	877,451	200,000	675,000	(167,500)	1,584,951
J Phillips	3,144,594	400,000	850,000	61,000	4,455,594
A Phillips	-	-	-	-	-
D Lenigas (i)	-	21,835	425,000	-	446,835
E Evans (ii)	375,000	-	675,000	-	1,050,000
A Suckling (iii)	-	200,000	-	-	200,000
D Lanskey (iv)	-	200,000	-	-	200,000
	4,397,045	1,021,835	2,625,000	(106,500)	7,937,380

[1] The opening balance has been adjusted to reflect the 1:4 post consolidation adjusted opening balance.
i) Resigned 21 May 2019
ii)Resigned 20 September 2019
iii)Appointed 21 May 2019
iv)Appointed 20 September 2019

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.

Remuneration Report (Cont'd)

b) Options (cont'd)

	Balance at Beginning of the Year [1]	Number Granted	Number Exercised	Number Expired or Forfeited	Balance at End of the Year
C McCall	1,430,000	-	(250,000)	(500,000)	680,000
J Phillips	2,282,771	-	-	(282,771)	2,000,000
A Phillips	-	-	-	-	-
D Lenigas (i)	1,500,000	-	-	-	1,500,000
E Evans (ii)	500,000	-	(500,000)	-	-
A Suckling (iii)	-	-	-	-	-
D Lanskey (iv)	-	-	-	-	-
	5,712,771	-	(750,000)	(782,771)	4,180,000

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	Balance at End of the Year
C McCall	1,013,235	3 September 2019	500,000	91,226	(425,000)	-	1,088,235
J Phillips	1,438,235	3 September 2019	1,000,000	182,452	(850,000)	-	1,588,235
A Phillips	-	-	-	-	-	-	-
D Lenigas (i)	487,500	-	-	-	(425,000)	(62,500)	-
E Evans (ii)	237,500	3 September 2019	500,000	91,226	(175,000)	-	562,500
A Suckling (iii)	-	3 September 2019	500,000	91,226	-	-	500,000
D Lanskey (iv)	-	-	-	-	-	-	-
	3,176,470	-	2,500,000	456,130	(1,875,000)	(62,500)	3,738,970

Note 1 - The fair value of the Restricted Share Units granted as remuneration as shown in the table above has been determined in accordance with Australian Accounting Standards and has been recognised as an expense in profit or loss over the vesting period.

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 [1	Number Granted	Number Vested and Exercised	Number Expired or Forfeited	Balance at End of the Year
C McCall	83,333	-	-	-	83,333
J Phillips	2,429,161	-	-	-	2,429,161
A Phillips	-	-	-	-	-
D Lenigas (i)	-	-	-	-	-
E Evans (ii)	-	-	-	-	-
A Suckling (iii)	-	-	-	-	-
D Lanskey (iv)	-	-	-	-	-
	2,512,494	-	-	-	2,512,494

Directors’ Report *(Cont’d)*

Information on Directors

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

Director	Ordinary Shares	Options	RSUs	Warrants
C McCall	1,584,951	680,000	1,088,235	83,333
J Phillips	4,455,594	2,000,000	1,588,235	2,429,161
A Phillips	-	-	-	-
A Suckling	200,000	-	500,000	-
D Lanskey	200,000	-	-	-

Directors’ Meetings

The number of meetings of the Company’s board of directors held during the year ended 31 March 2020, and the number of meetings attended by each director were:

	Number of Board Meetings Attended	Number Eligible
C McCall	5	5
J Phillips	5	5
A Phillips	4	5
D Lenigas *	-	-
E Evans **	1	2
A Suckling	4	5
D Lanskey	3	3

* Resigned 21 May 2019
** Resigned 20 September 2019

The number of meetings of the Company’s Audit and Risk Committee held during the year ended 31 March 2020, and the number of meetings attended by each member were:

	Number of Audit and Risk Committee Meetings Attended	Number Eligible
C McCall ***	2	2
A Phillips ****	2	2
D Lenigas Chairman of Audit and Risk Committee *	-	-
E Evans **	1	2
A Suckling, Chairman of Audit and Risk Committee	3	4
D Lanskey	1	2

* Resigned 21 May 2019
** Resigned 20 September 2019
*** Resigned 1 September 2019
**** Appointed 1 September 2019

Directors' Report *(Cont'd)*

Shares under Option

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

Date Option Granted	Expiry Date	Issue Price of Shares	Number under option
20 Feb 2018	19 Feb 2021	C$0.22	1,025,000
4 Dec 2018	3 Dec 2021	C$0.20	555,000
25 Feb 2019	24 Feb 2022	C$0.20	1,500,000
17 Dec 2019	17 Dec 2022	A$0.3125	500,000
28 May 2020	31 Dec 2020	A$0.16	500,000
28 May 2020	31 Dec 2022	A$0.34	500,000
28 May 2020	31 Dec 2022	A$0.36	500,000
28 May 2020	31 Dec 2022	A$0.38	500,000
28 May 2020	31 Dec 2022	C$0.16	500,000
28 May 2020	31 Dec 2022	C$0.24	500,000
28 May 2020	31 Dec 2022	C$0.32	500,000
			7,080,000

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

Shares issued on the exercise of options

1,420,000 options were exercised during the year ended 31 March 2020. Since year end and up to the date of this report 1,500,000 options expired and 3,500,000 options issued.

Shares under Restricted Share Units

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

Date RSU Granted	Expiry Date	Vesting Term	Number of RSUs
28 Nov 2017	27 Nov 2020	upon the closing share price of the Company's shares on the TSX-V being greater than C$0.80 for 20 consecutive trading days	1,176,471
20 Feb 2018	19 Feb 2021	upon the closing share price of the Company's shares on the TSX-V being greater than C$0.80 for 20 consecutive trading days	112,500
3 Sep 2019	2 Sep 2022	upon the closing share price of the Company's shares on the TSX-V being greater than C$0.32 for 20 consecutive trading days	3,437,500
			4,726,471

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

Shares issued on the vesting of RSUs

2,750,000 RSUs vested and 150,000 RSUs expired during the year ended 31 March 2020. Since year end and up to the date of this report 562,500 RSUs expired.

Shares under Warrants

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

Date Granted	Expiry Date	Issue Price of Shares (CAD$)	Number held under warrants
15 Dec 2017	15 Dec 2020	0.80	7,928,183
25 Sept 2018	24 Sept 2021	0.40	3,563,100
16 Nov 2018	15 Dec 2021	0.40	10,184,630
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
			25,777,188

Shares issued on the exercise of warrants

4,101,275 warrants were granted and 70,000 exercised during the year ended 31 March 2020 and up to the date of this report.

Insurance and Indemnification of Officers

Insurance Premiums

During the financial year, the Company paid premiums of $143,911 to insure the directors, officers and employees ("D&O Insurance") of the Company and its Australian based controlled entities. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against persons in their capacity as directors, officers and employees of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnification

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

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

The respondent directors have made claims against the Company's D&O Insurance policy and have instructed independent lawyers to act for them. The insurer has confirmed coverage of defence costs under the policy.

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

Proceedings on behalf of the Company

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

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

Directors' Report *(Cont'd)*

New Accounting Standards Implemented

The Group has implemented one new Accounting Standard that is applicable for the current reporting period. AASB16 Leases has been applied using the simplified method which resulted in the right of use asset and lease liability being measured at the same amount at the commencement of the year. Therefore the comparative information has not been restated and continues to be reported under AASB117: Leases.

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 financials 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 75.

Signed in accordance with a resolution of directors.

Cameron McCall
Brisbane
Executive Chairman
30 June 2020

Financial report

Consolidated Financial Statements – 31 March 2020

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 2020. 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 2020
(Expressed in Australian Dollars)

	Notes	**2020** **$**	**2019** **$**
EXPENSES			
Depreciation	5(a)	**(18,310)**	(33,206)
Depreciation – Right of Use asset	5(a)	**(72,702)**	-
Impairment reversal – Exploration and Evaluation	5(e)	**-**	55,851,937
Exploration expenditure		**(16,272)**	(30,964)
Investor relations		**(69,910)**	(12,151)
Office and general expenses	5(f)	**(1,699,060)**	(274,935)
Personnel costs		**(1,566,061)**	(666,442)
Professional fees	5(c)	**(941,702)**	(562,057)
Rent		**-**	(94,758)
Share-based compensation	5(b)	**(1,046,663)**	(413,725)
Share Registry, filing and listing fees		**(386,960)**	(110,021)
Travel and accommodation		**(140,896)**	(148,836)
Total Administrative Expenses		**(5,958,536)**	53,504,842
OTHER REVENUE/(EXPENSES)			
Interest income		**1,086**	4,465
Other income	5(d)	**100,000**	41,323
Change in fair value of warrant liability	16	**1,680,335**	(2,433,415)
		1,781,421	(2,387,627)
Profit/(Loss) before income tax		**(4,177,115)**	51,117,215
Income tax expense	6	**-**	-
Net Profit/(Loss) for the year		**(4,177,115)**	51,117,215
Other Comprehensive Income(loss) Items that will not be reclassified subsequently to profit or loss:			
Fair value loss on Investment in FEL	12(b)	**(133,333)**	-
Total Comprehensive income/(loss) for the year		**(4,310,448)**	51,117,215
Basic and diluted profit/(loss) per ordinary share		**(0.05)**	0.77
Basic and diluted weighted average number of ordinary shares outstanding (Note 7)		**87,083,411**	66,225,971

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 2020

	Notes	2020 $	2019 $
ASSETS			
Current			
Cash and cash equivalents	8	**4,518,165**	318,028
Other receivables	9	**90,898**	49,898
Security deposits and prepayments	10	**449,383**	55,750
Total current assets		**5,058,446**	423,676
Non-Current			
Plant and equipment	11	**63,729**	15,667
Right of use asset	22	**329,639**	-
Investment in FE Ltd.	12(b)	**266,667**	-
Exploration and evaluation assets	12(a)	**66,218,216**	62,993,644
Total non-current assets		**66,878,251**	63,009,311
Total assets		**71,936,697**	63,432,987
LIABILITIES			
Current			
Trade and other payables	13	**905,660**	364,667
Provisions	14	**58,756**	42,779
Lease liability		**63,488**	-
Warrant liability	16	**899,565**	2,579,901
Convertible Notes	23	**8,134,049**	-
Total current liabilities		**10,061,518**	2,987,347
Non-Current			
Provisions	14	**27,518**	18,807
Lease liability		**283,412**	-
Total non-current liabilities		**310,930**	18,807
Total liabilities		**10,372,448**	3,006,154
Net assets		**61,564,249**	60,426,833
SHAREHOLDERS' EQUITY			
Contributed equity	15(a)	**104,794,986**	99,671,850
Reserves	15(b)	**4,648,952**	4,539,152
Accumulated losses		**(47,879,689)**	(43,784,169)
Total shareholders' equity		**61,564,249**	60,426,833

Nature and continuance of operations (Note 1)
Commitments (Notes 12 and 24)

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 2020
(Expressed in Australian Dollars)

	Number of Shares	Contributed Equity $	Accumulated losses $	Reserves $	Total $
Balance at 1 April 2018	242,301,414	98,702,139	(102,143,249)	10,570,183	7,129,073
Net profit for the year	-	-	51,117,215	-	51,117,215
Share-based payment transactions	-	-	-	413,725	413,725
Private placements	62,634,870	1,761,718	-	-	1,761,718
Exercise of options	230,000	12,035	-	-	12,035
Share issuance costs	-	(6,933)	-	-	(6,933)
Appropriations of equity	-	(797,109)	7,241,865	(6,444,756)	-
Balance at 31 March 2019	**305,166,284**	**99,671,850**	**(43,784,169)**	**4,539,152**	**60,426,833**
Balance at 1 April 2019	**305,166,284**	**99,671,850**	**(43,784,169)**	**4,539,152**	**60,426,833**
Share consolidation[7]	(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 [1]	-	-	81,595	(81,595)	-
Share-based payment transactions [3]	-	-	-	324,728	324,728
ASX IPO[4]	20,032,952	5,008,238	-	-	5,008,238
Vested RSU's[6]	2,750,000	297,112	-	-	297,112
Fees in consideration for shares	21,838	8,384	-	-	8,384
Exercise of options and warrants [2]	1,490,000	351,342	-	-	351,342
Bonus Shares[5]	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**

[1] Refer to Note 15(b) - Contributed Equity and Reserves
[2] Refer to Note 15(a)(v) - Contributed Equity
[3] Refer to Note 19 - Share Based Payments
[4] Refer to Note 15(a)(iii) - Contributed Equity
[5] Refer to Note 15(a)(iv) - Contributed Equity
[6] Refer to Note 18(b)(i) – RSU's
[7] On 31 October 2019 the Shareholders approved a consolidation of the Company's share capital on a 1 for 4 basis.

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

MACARTHUR MINERALS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in Australian Dollars)
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 $	2019 $
OPERATING ACTIVITIES			
Payments to suppliers and employees		**(2,739,272)**	(1,917,281)
Interest received		**1,086**	4,465
Other Income		**100,000**	41,323
Interest Paid		**(988,390)**	(9,906)
Net cash flows used in operating activities	8	**(3,626,576)**	(1,881,399)
INVESTING ACTIVITIES			
Net purchases of plant and equipment		**(66,372)**	-
Exploration and evaluation additions		**(3,624,572)**	(868,236)
Net cash flows used in investing activities		**(3,690,944)**	(868,236)
FINANCING ACTIVITIES			
Proceeds from share issues		**5,359,580**	1,704,308
Share issuance costs		**(967,355)**	(6,933)
Proceeds from issue of Convertible Notes		**7,184,449**	-
Principal repayment of lease liability		**(59,017)**	-
Net cash flows provided by financing activities		**11,517,657**	1,697,375
Change in cash and cash equivalents during the year		**4,200,137**	(1,052,260)
Cash and cash equivalents, beginning of the year		**318,028**	1,370,288
Cash and cash equivalents, end of year	8	**4,518,165**	318,028

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)) 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.

As at 31 March 2020, the Company has the following subsidiaries (who are collectively 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 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 2020 by the directors of the Company.

Note 2: Summary of Significant Accounting Policies

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

a) Basis of preparation

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001 (Cth). The financial report complies with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board. 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 $4,518,165.

Note 2: Summary of Significant Accounting Policies (cont'd)
b) Working Capital position (cont'd)

The Group's net working capital at 31 March 2020 was $4,030,542 compared with net working capital of $16,230 at 31 March 2019. The Net Working Capital of $4,030,542 (2019: $16,230) excludes those amounts attributable to the warrant liability of $899,565 (2019: $2,579,901) and the Convertible Notes liability of $8,134,049 (2019: Nil) on the basis that the Company does not have any obligation to redeem the Warrants for cash and the Company does not have any obligation to redeem the Convertible Notes for cash until June 2022. 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 Group's current plans for further development of its exploration projects in the next 12-24 months will require funding in addition to the Group's current working capital availability. Consequently the Group's continuing operations are dependent upon the ability to raise either additional equity capital or other funding, project financing or generate cash flow from operations in the future, which could include the realisation through sale of part or all exploration assets, none of which is assured. This depends upon the realisation of economic, operating and trading assumptions about future events and actions, which may not necessarily occur, and the successful implementation of management plans to commercialise its mining projects through development or sale and to manage the Group's affairs to meet its commitments until this takes place. These conditions may cast significant doubt about the Group's ability to continue as a going concern. The Group is satisfied that it is well placed to continue as a going concern for at least 12 months from the date of this report due to its large cash position being sufficient to meet the Groups operating needs and meet its minimum financial requirements regarding its tenement obligations. The Group does not have any obligations to extinguish its liability attributable to the issued warrants via cash payments and the Group maintains an unconditional right to defer the settlement of the Convertible Notes via cash payments until at least June 2022.

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 2020, the Group raised funds from new equity of $5,359,580, which included $5,008,238 raised from its IPO on the Australian Securities Exchange completed in December 2019.

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.

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.

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 in assets is calculated as follows:

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

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

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

e) Plant and equipment (cont'd)

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in 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

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

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

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

During the year, the Group changed its accounting policies and make adjustments as a result of adopting AASB 16: Leases. The impact of the adoption of this Standard and the respective accounting policies is disclosed below.

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.

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 Application of AASB 16: Leases

The Group has adopted AASB 16: Leases retrospectively from 1 April 2019. In accordance with AASB 16.C7 the comparatives for the 2018 reporting period have not been restated.

The Group has recognised a lease liability and right-of-use asset for all leases recognised as operating leases under AASB 117: Leases where the Group is the lessee.

Lease liabilities are shown at the present value of the remaining lease payments. The Group has used the interest rate inherent in the lease as at 1 April 2019 to discount the lease payments.

Note 2: Summary of Significant Accounting Policies (cont'd)
k) New and Amended Accounting Policies adopted by the Group (cont'd)

The right-of-use assets which the Group entered into as a lessee for its premises on 1 November 2018 was measured at its carrying amount as if AASB 16: Leases had been applied since the commencement date, but discounted using the interest rate inherent in the lease agreement on 1 April 2019 being 3.5%.

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 (ie trade date accounting is adopted).

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

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

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

– amortised cost; or
– 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 a 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.

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

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

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

– the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

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

Equity instruments

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

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

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 (ie 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 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 retained earnings.

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

Compound financial instruments

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

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

Impairment

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

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

Loss allowance is not recognised for:

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

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

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.

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

o) Employee benefits

(i) Wages and salaries, annual leave and superannuation

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

(ii) Other long-term employee benefits

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

terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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) Provision for closure and restoration

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

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

q) 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.

Note 2: Summary of Significant Accounting Policies (cont'd)
q) Goods and services tax (cont'd)

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.

r) Income tax

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

Deferred income tax is recognised, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, as well as unused tax losses. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted

by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or when the deferred income tax liability is settled.

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

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

(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.

s) 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.

t) 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.

Note 2: Summary of Significant Accounting Policies (cont'd)
t) Earnings per share (cont'd)

(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.

u) Revenue recognition

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

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.

v) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.
Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (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.

w) 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.

Note 2: Summary of Significant Accounting Policies (cont'd)
w) Critical accounting estimates and judgements (cont'd)

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 Black-Scholes model as measured on the grant date. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the equity, and the estimated forfeiture rate for market-based vesting conditions.

(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.

x) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to confirm to changes in presentation for the current financial year.

Note 3: Financial Instruments and Financial risk management

Financial risk factors

The Company's principal financial instruments are cash and cash equivalents, the main purpose of which is to fund the Company's operations. The Company has various other financial assets and liabilities such as security deposits, other receivables, trade payables, convertible notes and warrant derivatives which arise directly from its operations. It is and has been throughout the years ended 31 March 2020 and 31 March 2019, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are cash flow credit risk, liquidity risk, interest rate risk, and foreign currency risk. 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 2020 $	Consolidated Carrying Amount 2019 $
Financial assets			
Cash and cash equivalents	8	**4,518,165**	318,028
Other receivables	9	**356**	9,630
Security Deposits	10	**56,554**	55,750
		56,910	65,380
Investments in equity instruments designated as at fair value through other comprehensive income		**266,667**	-
Total financial assets		**4,841,742**	383,408
Financial liabilities			
a) Financial liabilities at amortised cost			
Trade and other payables	13	**905,660**	364,667
Convertible notes	23	**8,134,049**	-
		9,039,709	364,667
b) Financial liabilities at fair value through profit and loss			
Warrant liability	16	**899,565**	2,579,901
Total financial liabilities		**9,939,274**	2,944,568

a) Credit risk

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

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

Exposure to credit risk

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

	2020 $	2019 $
Financial assets		
Cash and cash equivalents	**4,518,165**	318,028
Other receivables	**356**	9,630
Security Deposits	**56,554**	55,750
	4,575,075	383,408

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:

	2020 $	2019 $
Australia	**2,460,800**	369,138
Canada	**2,114,276**	14,270
	4,575,075	383,408

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 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)**

As at 31 March 2019

	Within 1 year	1 to 5 years	Total
Financial assets	383,408	-	383,408
Financial liabilities	(364,667)	(8,134,049)	(364,667)
Net cashflow	$ 18,741	(8,134,049)	18,741

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)
c) Interest rate risk (cont'd)

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

	2020 $	2019 $
Interest-bearing financial instruments		
Financial assets	**4,574,719**	373,778

Financial assets are comprised of:

	2020 $	2019 $
Cash and cash equivalents	**4,518,165**	318,028
Security deposits	**56,554**	55,750
	4,574,719	373,778

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 2020				
Interest-bearing financial instruments	**45,747**	**(45,747)**	**45,747**	**(45,747)**
31 March 2019				
Interest-bearing financial instruments	3,738	(3,738)	3,738	(3,738)

d) Foreign currency risk

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

Exposure to currency risk

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

	AUD $	CAD $	USD $	AUD $	CAD $
		2020		2019	
Cash and cash equivalents	**2,403,889**	**58,826**	**2,055,450**	303,758	14,270
Receivables	**356**	**-**	**-**	9,630	-
Security Deposits	**56,554**	**-**	**-**	55,750	-
	2,460,799	**58,826**	**2,055,450**	369,138	14,270
Trade and other payables	**838,168**	**67,492**	**-**	303,336	61,331
Employee Benefits	**86,274**	**-**	**-**	61,586	-
Warrant liability	**-**	**899,565**	-	-	2,579,901
Convertible Note liability	**-**	**-**	**8,134,049**	-	-
Lease liability	**346,900**	**-**	**-**	-	-
	1,271,342	**967,057**	**8,134,049**	364,922	2,641,232
Net exposure	**1,189,457**	**(908,231)**	**(6,078,599)**	4,216	(2,626,962)

(Expressed in Australian Dollars)

Note 3: Financial risk management (cont'd)
d) Foreign currency risk (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.

	2020		2019	
	Profit $	**Equity $**	**Profit $**	**Equity $**
+/-2% in interest rates	**+/-$90,363**	**+/-$90,363**	+/-$6,361	+/-$6,361
+/-5% in $AUD/$CAD	**+/-3,246**	**+/-3,246**	+/-$746	+/-$746
+/-5% in $AUD/$US	**+/-$135,773**	**+/-$135,773**	+/-$0	+/-$0
+/-10% in listed investments	**+/-$26,667**	**+/-$26,667**	+/-$0	+/-$0

e) Commodity price risk

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

As the Company has not yet reached the mining stage, its exposure to price risk has no impact on the financial statements, however price risk is a critical assumption for the Group's 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 2020. The Company is not subject to externally imposed capital requirements.

Note 5: Revenue and expenses
Result for the year includes the following items:

		2020 $	2019 $
a)	***Depreciation***		
	Depreciation	**18,310**	33,206
	Depreciation - Right of Use asset	**72,702**	-
		91,012	33,206
b)	***Share-based compensation***		
	Share based payments	**596,663**	413,725
	Bonus shares issued to Executives and employees	**450,000**	-
		1,046,663	413,725
c)	***Professional fees:***		
	- Legal costs	**575,747**	275,122
	- External consultants	**365,955**	286,935
		941,702	562,057
d)	***Other income includes:***		
	Cost recoveries:		
	- FSDC legal matter (Note 25(b))	**-**	31,101
	- Rent reimbursements	**-**	10,222
	Option Fee Income:		
	- FE Limited	**100,000**	-
		100,000	41,323
e)	***Impairment reversal***		
	Reversal of Impairment of Exploration and Evaluation assets (Note 12)	**-**	55,851,937
f)	***Office and general expenses includes:***		
	- Interest on Convertible Notes (Note 23)	**659,285**	-
	- Interest on lease liability	**20,663**	-
		679,948	-
	- Foreign exchange loss	**644,736**	1,478

(Expressed in Australian Dollars)

Note 6: Income tax

	2020 $	2019 $
a) Reconciliation of income tax equivalent expense (credit) to prima facie tax equivalent payable		
Profit (loss) from continuing operations before income tax expense	**(4,177,115)**	51,117,215
Tax at Australian tax rate of 27.5%	**(1,148,707)**	14,057,234
Adjustment for the tax effect of:		
Impairment reversal – exploration expenditure	**-**	(15,359,283)
Change in fair value of warrant liability	**(462,092)**	669,189
Share based payments	**287,832**	113,774
Unrealised foreign exchange loss	**177,254**	-
Non-deductible legal fees	**161,930**	-
Allowable expenditure capitalised to exploration and evaluation assets	**(746,505)**	-
Other	**(77,849)**	201
	(1,808,137)	**(518,885)**
Income tax losses and temporary differences not carried forward as deferred tax assets	**1,808,137**	**518,885**
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 2020 was 27.5% 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 2020 has been measured using the effective rate that will apply in Australia to Macarthur Minerals from 1 April 2018 (i.e. 27.5%).

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 $
2020			
Tax losses	**84,647,167**	**6,011,523**	**90,658,690**
Potential benefit	**23,277,971**	**1,653,169**	**24,931,140**
2019			
Tax losses	78,170,869	5,217,972	83,388,841
Potential benefit	21,469,835	1,434,942	22,904,777

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(t)(ii).

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

	2020 $	2019 $
Total profit/(loss) for the year	**(4,177,115)**	51,117,215
	Number	**Number**
Weighted average number of ordinary shares for basic earnings per share	**87,083,411**	66,225,971*
Weighted average number of ordinary shares for diluted earnings per share	**87,083,411**	66,225,971*

* The Company has restated the weighted average number of shares to reflect the 1 for 4 share consolidation that occurred during the year.

The Company's outstanding options, warrants and RSU's that did not have a dilutive effect at 31 March 2020 are set out in Note 18. None had a dilutive effect, as the average market share price of the Company in the year was below the exercise price of these securities.

Note 8: Cash and cash equivalents

	2020 $	2019 $
Cash at bank and in hand		
Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates	**4,518,165**	318,028
	4,518,165	318,028

The fair value of cash and cash equivalents is $4,518,165 (2019: $318,028).

(Expressed in Australian Dollars)

Note 8: Cash and cash equivalents (cont'd)

	2020 $	2019 $
Reconciliation of net profit/(loss) after income tax to the net cash flows from operations		
Net Profit/(Loss)	**(4,177,115)**	51,117,215
Adjustments for:		
Depreciation	**18,310**	33,206
Depreciation – Right of use asset	**72,702**	
Share-based payments – employees & other costs	**1,046,663**	413,725
Change in fair value of warrant liability	**(1,680,335)**	2,433,415
Foreign exchange loss	**953,768**	-
Shares issued in lieu of Director fees	**8,384**	-
Impairment expense/(income)	**-**	(55,851,937)
Changes in Assets and Liabilities:		
Receivables and other assets	**(434,634)**	40,760
Payables and provisions	**565,681**	(67,783)
Net cash used in operating activities	**(3,626,576)**	(1,881,399)

	2020 $	2019 $
Cash paid during the year for interest	**988,390**	9,906
Cash paid during the year for income taxes	**-**	-

During the year ended 31 March 2020, the Company entered into the following non-cash investing and financing activities:

a) The Company received 26,666,667 shares valued at $400,000 on issue date in ASX listed entity FE Limited as consideration for entry into an "earn-in" agreement enabling FE Limited to earn up to 75% of the Groups lithium tenements in the Pilbara, Western Australia.
b) The Company issued 500,000 options to Shaw and Partners with a fair value at grant date of $22,753 as part consideration for their role as Lead Manager in the Company's listing on the ASX.
c) On the 19 December 2019, the Company issued 1,800,000 shares totalling $450,000 to directors and employees as outlined in Note 15(a)(iv).
d) During the year, a total of $2,750,000 Restricted Share Units vested and shares were issued shares amounting to $297,112.

Note 9: Other Receivables

	2020 $	2019 $
Other receivables (financial instruments)	**356**	9,630
Other receivables (non-financial instruments)	**90,542**	40,268
	90,898	49,898

Note 10: Security Deposits and prepayments

	2020 $	2019 $
Security deposits	**56,554**	55,750
Prepayments	**392,829**	-
	449,383	55,750

(Expressed in Australian Dollars)

Note 11: Plant and equipment

	Plant & Equipment $	Office Equipment $	Motor Vehicles $	Total $
Year ended 31 March 2019				
Opening net book value	30,051	18,822	-	48,873
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation charge	(24,742)	(8,464)	-	(33,206)
Closing net book amount	5,309	10,358	-	15,667
At 31 March 2019				
Cost or fair value	656,028	395,167	-	1,051,195
Accumulated depreciation and impairment	(650,719)	(384,809)	-	(1,035,528)
Net book amount	5,309	10,358	-	15,667
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 or fair value	**656,028**	**402,214**	**59,325**	**1,117,567**
Transfers	**(647)**	**647**	**-**	**-**
Accumulated depreciation and impairment	**(654,215)**	**(392,035)**	**(7,588)**	**(1,053,838)**
Net book amount	**1,166**	**10,826**	**51,737**	**63,729**

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 2020, 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 2020, 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 their 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 $3,224,572 was capitalised during the year ended 31 March 2020 (2019: $937,681), 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 2018	**4,010,636**	**2,193,390**	**6,204,026**
Incurred during the year			
Accommodation and camp maintenance	-	15,780	15,780
Drilling	-	78,754	78,754
Other	-	27,501	27,501
Personnel and Contractors	-	164,388	164,388
Rent and rates	-	237,987	237,987
Research and reports	-	333,717	333,717
Sampling and testing	-	31,627	31,627
Tenement management and outlays	-	23,231	23,231
Travel	-	8,169	8,169
Vehicle hire	-	18,572	18,572
Government Recoveries	-	(2,045)	(2,045)
E&E Impairment reversal	-	55,851,937	55,851,937
	-	**56,789,618**	**56,789,618**
Balance as at 31 March 2019	**4,010,636**	**58,983,008**	**62,993,644**
Incurred during the year			
Accommodation and camp maintenance	-	100,134	100,134
Drilling	-	1,252,063	1,252,063
Environmental surveys	-	14,950	14,950
Tenement acquisitions	-	500,000	500,000
Other	-	42,192	42,192
Personnel and Contractors	-	443,936	443,936
Rent and rates	-	329,501	329,501
Research and reports	-	333,753	333,753
Sampling and testing	-	25,934	25,934
Tenement management and outlays	-	23,131	23,131
Travel	-	26,316	26,316
Vehicle hire	-	27,164	27,164
Fuel costs	-	105,498	105,498
	-	**3,224,572**	**3,224,572**
Balance as at 31 March 2020	**4,010,636**	**62,207,580**	**66,218,216**

All capitalised exploration costs represent costs incurred during the exploration and evaluation phase. Capitalised Exploration and Evaluation expenditure at 31 March 2020 totalling $2,072 relating to the Australian lithium projects is the subject of a farm-out agreement with FE Limited ("FEL"). FEL can earn a 75% interest in these projects by expending $500,000 per annum over 3 years. Of the total capitalised exploration and evaluation assets $188,835 (2019: $525,739) relates to lithium projects, the remaining all relates to the Iron ore project.

(Expressed in Australian Dollars)

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

(b) Investment in FE Ltd

During the year, FEL contributed $400,000 in accordance with the farm-out agreement by way of issuing the Company $400,000 in FEL Shares. The farm-out contribution has been credited against costs previously capitalized in relation to the Groups Lithium tenements. The Company's investment in FEL has decreased during the period to $266,667 at 31 March 2020 with the fair value decrease being reported in Other Comprehensive Income.

(c) Commitments

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

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

	2020 $	2019 $
Not later than one year	**904,403**	1,301,789
Later than one year but not later than five years	**3,580,724**	4,754,055
	4,485,127	6,055,844

For the financial year ending 31 March 2020, 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:

	2020 $	2019 $
Not later than one year	**286,503**	775,489
Later than one year but not later than five years	**3,580,724**	4,754,055
	3,867,227	5,529,544

The Company entered into an option agreement with FEL for its lithium and gold tenements in the Pilbara region of Western Australia. The option was exercised on 2 July 2019 and will result in a $500,799 reduction in expenditure commitments over the coming years.

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. The shares were issued at a 20% discount to the 5-day VWAP prior to the issue.

(Expressed in Australian Dollars)

Note 13: Trade and other payables

	2020 $	2019 $
Current		
Trade creditors	**460,140**	267,594
Other creditors and accruals	**445,520**	97,073
	905,660	364,667

Note 14: Provisions

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

	2020 $	2019 $
Current		
- Short term employee obligations	**58,756**	42,779
Non-current:		
- Long service leave entitlements	**27,518**	18,807
	86,274	61,586

Opening balance	**61,586**	50,274
Additional provisions	**32,868**	65,348
Amounts used	**(8,180)**	(54,036)
Closing Balance	**86,274**	61,586

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

On 20 November 2019, the Company completed the consolidation of its share capital on the basis of one (1) post-consolidation common share for four (4) pre-consolidation common share (the "Consolidation Ratio") following approval of the consolidation by the TSX-V. The common shares of the Company commenced consolidated trading on TSX-V on 20 November 2019 (EST) at a price of C$0.24. Prior to implementing the consolidation, the Company had 322,033,625 common shares issued and outstanding, and immediately after implementing the consolidation, the Company had 80,508,409 common shares. No fractional shares were issued under the consolidation as fractional shares were rounded to the nearest whole number. The exercise price and the number of shares issuable under any of the Company's outstanding stock options, warrants, restricted share units and convertible notes, as applicable, have been proportionately adjusted in connection with the consolidation.

On 4 December 2019, the Company was admitted to the Official List of Australian Securities Exchange (ASX) and commenced quotation of its securities on the ASX on 6 December 2019 (ASX code: MIO).

The Company successfully closed the Offer under its Replacement Prospectus on 28 November 2019 with subscriptions accepted for 20,032,952 shares at a price of A$0.25 per share for a total consideration of A$5,008,238.

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

	2020 $	2019 $
Ordinary shares		
Issued and fully paid	**104,794,986**	99,671,850
	Number	**Number**
Number of shares on issue	**102,386,361**	305,166,284

(Expressed in Australian Dollars)

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

		2020	2019
At the beginning of the reporting period		**305,166,284**	242,301,414
Share consolidation (1 share for 4 shares)		**(228,874,713)**	-
Shares issued during the year:			
i.	22 Apr 2019 (CAD$0.08 per share)	**2,750,000**[1]	-
ii.	25 Jun 2019 (CAD$0.09 per share)	**21,838**[1]	-
iii.	2 Dec 2019 (AUD$0.25 per share)	**20,032,952**	-
iv.	19 Dec 2019 (AUD$0.25 per share)	**1,800,000**	-
v.	Exercise of options and warrants	**1,490,000**	230,000
vi.	25 Sept 2018 (CAD$0.025 per share)	**-**	14,252,400
vii.	16 Nov 2018 (CAD$0.025 per share)	**-**	40,738,520
viii.	20 Mar 2019 (CAD$0.04 per share)	**-**	7,643,950
At the end of the year		**102,386,361**	305,166,284

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

Details of shares issued above are outlined below:

i. 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.
ii. On 25 June 2019, 21,838 shares at C$0.09 per share were issued to a Director in lieu of Director fees.
iii. On 2 December 2019, the Company issued 20,032,952 shares at a price of A$0.25 as part of its ASX IPO.
iv. 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 A$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 $450,000.
v. During the year, 1,420,000 options and 70,000 warrants were exercised. The value to Contributed Equity was $351,342 (2019: $12,035).
vi. On 25 September 2018, 14,252,400 shares at CAD$0.025 per share were issued in connection with Tranche 1 of the Private Placement announced on 16 August 2018. One unit comprised of one share and one warrant exercisable at CAD$0.10 per share, exercisable until 24 September 2019.
vii. On 16 November 2018, 40,738,520 shares at CAD$0.025 per share were issued in connection with Tranche 2 of the Private Placement announced on 16 August 2018. One unit comprised of one share and one warrant exercisable at CAD$0.10 per share, exercisable until 15 November 2019.
viii. On 20 March 2019, 7,643,950 shares at CAD$0.04 per share were issued in connection with a Private Placement announced on 22 February 2019. One unit comprised of one share.

b) Reserves

	Foreign Currency Translation Reserve $	Share Based Payments Reserve $	Dilution Gain Reserve $	Financial Asset Revaluation Reserve $	Total $
As at 1 April 2018	258,972	2,996,322	7,314,889	-	10,570,183
Cost of share-based payments (Note 18)	-	413,725	-	-	413,725
Appropriations	(258,972)	1,129,105	(7,314,889)	-	(6,444,756)
As at 31 March 2019	-	4,539,152	-	-	4,539,152

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

b) Reserves (cont'd)

	Foreign Currency Translation Reserve $	Share Based Payments Reserve $	Dilution Gain Reserve $	Financial Asset Revaluation Reserve $	Total $
Fair value loss on financial assets	-	-	-	(133,333)	(133,333)
Cost of share-based payments (Note 19)	-	324,728	-	-	324,728
Transfer from Reserves	-	(81,595)	-	-	(81,595)
Appropriations	-	-	-	-	-
As at 31 March 2020	-	4,782,285	-	(133,333)	4,648,952

Foreign Currency Translation Reserve

Until the year ended 31 March 2006 the assets and liabilities of the Group were translated from what was the functional currency (Canadian dollars) to the presentation currency (Australian dollars). The exchange differences arising on the translation were taken directly to this reserve. In the 2019 year this reserve has been appropriated to accumulated losses.

The functional currency is Australian dollars.

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. In the 2019 year, amounts totalling $1,129,105 (relate to 2010 and prior) were appropriated to this reserve from equity or accumulated losses.

Dilution Gain Reserve

The Company incurred a dilution gain of $7,314,889 arising from the issue of shares in MIO during the financial year ended 31 March 2009. In the 2019 year, this reserve was appropriated to accumulated losses.

Financial Asset Revaluation Reserve

The financial asset revaluation reserve records revaluations of financial assets.

Note 16: Warrant liability

During the year ended 31 March 2020, equity offerings were completed whereby 4,101,275 warrants were issued with exercise prices denominated in Canadian dollars (31 March 2019 – 55,270,920). 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 2020, the Company had 25,777,188 [1] (2019 – 86,983,650) warrants outstanding, which are classified and accounted for as a financial liability. The Company recognised a gain during the year of $1,680,335 from changes in the fair value of the warrant liability.

[1] All warrants on issue were adjusted according to the Consolidation Ratio in conjunction with the share consolidation.

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.

(Expressed in Australian Dollars)

Note 16: Warrant liability (cont'd)

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 2020	Year ended 31 March 2019
	Weighted average	*Weighted average*
Share price	**CAD $0.08**	CAD $0.09
Exercise price	**CAD $0.52**	CAD $0.14
Risk-free interest rate	**0.46%**	1.56%
Expected life of warrants	**1.89 years**	0.59 year
Annualized volatility	**170.35%**	139.01%
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 August 2019, being 321,033,625 Common Shares. Both of the Plans were approved on 30 August 2019 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.

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:

	2020		2019	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year[1]	**7,678,816**	**$0.23 (CAD$0.22)**	27,707,009	$0.06 (CAD$0.06)
Granted	**500,000**	**$0.34 (CAD$0.31)**	13,620,000	$0.05 (CAD$0.06)
Expired	**(1,428,816)**	**$0.27 (CAD$0.24)**	(230,000)	$0.05 (CAD$0.05)
Forfeited	**(250,000)**	**$0.46 (CAD$0.40)**	-	-
Exercised	**(1,420,000)**	**$0.24 (CAD$0.21)**	(10,381,746)	$0.06 (CAD$0.06)
Outstanding, end of year	**5,080,000**	**$0.25 (CAD$0.22)**	30,715,263	$0.06 (CAD$0.06)
Options exercisable, end of year	**5,080,000**	**$0.25 (CAD$0.22)**	30,715,263	$0.06 (CAD$0.06)

[1] The opening balance has been adjusted to reflect the adjusted opening balance in accordance with the Consolidation Ratio in conjunction with the share consolidation.

(Expressed in Australian Dollars)

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

Share options under the Company's Plans outstanding at 31 March 2020 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
300,000	CAD$ 0.21	21 May 2020
700,000	CAD$ 0.24	21 May 2020
500,000	CAD$0.20	21 May 2020
1,025,000	CAD$0.22	19 Feb 2021
555,000	CAD$0.20	3 Dec 2021
1,500,000	CAD$0.20	24 Feb 2022
500,000	AUD$0.31	17 Dec 2022

During the year the Company's share price has ranged from CAD$0.05 to CAD$0.50. The weighted average remaining contractual life for the share options as at 31 March 2020 is 1.25 years. The weighted average value of options issued in the year is $0.035 (2019: $0.01).

During the year ended 31 March 2020

(i) On 17 December 2019, the Company granted 500,000 options to Lead Manager and Corporate Advisor, Shaw and Partners with an exercise price of A$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.

During the year ended 31 March 2019

(i) On 4 December 2018 pursuant to the Plans, the Company granted an aggregate of 2,620,000 stock options of which 1,720,000 were granted to directors of the Company, with an exercise price of C$0.05 per option. The options vest immediately and expire three years from the date of grant.

(ii) On 8 February 2019 the Company granted 1,000,000 options to a consultant with an exercise price of C$0.10 per option. The options vest quarterly over a period of one year and expire 12 months from the date of grant.

(iii) On 25 February 2019 pursuant to the Plans, the Company granted an aggregate of 10,000,000 stock options of which 9,000,000 were granted to directors of the Company, and the remaining options granted to employees and consultants. The Options have an exercise price of $0.05, vest immediately and expire three years from the date of grant.

b) Restricted Share Units

During the year ended 31 March 2020

(i) On 3 September 2019, a total of 3,500,000[1] 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, 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 C$0.32 for 20 consecutive trading days. The RSU's expire on 2 September 2022.

(Expressed in Australian Dollars)

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

During the year ended 31 March 2019

(i) On 4 December 2018, 1,000,000 restricted share units ("RSUs"), were granted each to Cameron McCall, Executive Chairman, Joe Phillips, CEO, David Lenigas, Non-Executive Director, and Alan Phillips, Non-Executive Director, as part of the executive consulting contracts entered into with the Company. A further 4,500,000 RSU's were granted to employees and consultants. The RSU's vest if the closing share price of the Company's shares on the TSX Venture Exchange is greater than C$0.08 for 20 consecutive trading days. The RSU's expire on 3 December 2021.

(ii) On 25 February 2019, 700,000 restricted share units ("RSUs"), were granted each to Cameron McCall, Executive Chairman, Joe Phillips, CEO, David Lenigas, Non-Executive Director, Earl Evans, Non-Executive Director, and Alan Phillips, Non-Executive 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 C$0.08 for 20 consecutive trading days. The RSU's expire on 24 February 2022.

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

	2020		2019	
	Number of RSUs	**Weighted Average Vesting Price**	Number of RSUs	Weighted Average Vesting Price
Outstanding, beginning of year	**4,126,471[1]**	**$0.48 (CAD$0.52)**	5,505,882	$0.20 (CAD$0.20)
Granted	**3,500,000**	**$0.37 (CAD$0.32)**	12,000,000	$0.08 (CAD$0.08)
Vested	**(2,750,000)**	**$0.37 (CAD$0.32)**	-	-
Expired	**(150,000)**	**$0.65 (CAD$0.56)**	(1,000,000)	$0.08 (CAD$0.08)
Outstanding, end of year	**4,726,471**	**$0.52 (CAD$0.45)**	16,505,882	$0.12 (CAD$0.13)

[1] All RSU's on issue have been adjusted to reflect the adjusted opening balance in accordance with the Consolidation Ratio in conjunction with the share consolidation.

RSUs outstanding at 31 March 2020 are all exercisable and have the following vesting prices and expiry dates:

Number of RSUs	Vesting Price	Expiry Date
1,176,471	CAD$0.80	27 Nov 2020
112,500	CAD$0.80	19 Feb 2021
3,437,500	CAD$0.32	2 Sept 2022

The value of 2,750,000 RSU's vested on 22 April 2019 was $297,112.

The weighted average remaining contractual life for the RSUs as at 31 March 2020 is 1.95 years. The weighted average value of RSUs issued in the year is $0.046 (2019: $0.026).

(Expressed in Australian Dollars)

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

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

	Year ended 31 March 2020	Year ended 31 March 2019
	Weighted average	*Weighted average*
Share price	**CAD $0.05**	CAD $0.03
Exercise price	**CAD $0.32**	CAD $0.08
Risk-free interest rate	**1.35%**	2.01%
Expected life of RSU's	**1.95 years**	2.75 years
Annualized volatility	**113.60%**	159.08%
Dividend rate	**0%**	0%

c) Warrants

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 C$0.40 for a term of 3 years from the date of issue of the Unit, unless accelerated by the Company.

During the year ended 31 March 2019

(i) 14,252,400 warrants were issued on 25 September 2018 in connection with Tranche 1 of the Private Placement announced on 16 August 2018 at an exercise price of CAD$0.10 per Warrant. Each whole Warrant entitles the holder to acquire one Common Share for C$0.10 for a term of 12 months from the date of issue of the Unit, unless accelerated by the Company.

(ii) 41,018,520 warrants were issued on 16 November 2018 in connection with Tranche 2 of the Private Placement announced on 16 August 2018 at an exercise price of CAD$0.10 per Warrant. Each whole Warrant entitles the holder to acquire one Common Share for C$0.10 for a term of 12 months from the date of issue of the Unit, unless accelerated by the Company.

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

	Year ended 31 March 2020		Year ended 31 March 2019	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	**21,745,913[1]**	**$0.58 (CAD$0.55)**	31,712,730	$0.20 (CAD$0.20)
Granted	**4,101,275**	**$0.46 (CAD$0.40)**	55,270,920	$0.10 (CAD$0.10)
Forfeited	**-**	**-**	-	-
Expired	**-**	**-**	-	-
Exercised	**(70,000)**	**$0.46 (CAD$0.40)**	-	-
Outstanding, end of year	**25,777,188**	**$0.60 (CAD$0.52)**	86,983,650	$0.14 (CAD$0.14)
Warrants exercisable, end of year	**25,777,188**	**$0.60 (CAD$0.52)**	86,983,650	$0.14 (CAD$0.14)

[1] The opening balance of warrants has been adjusted to reflect the adjusted opening balance in accordance with the Consolidation Ratio in conjunction with the share consolidation.

(Expressed in Australian Dollars)

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

c) Warrants (cont'd)

Warrants outstanding at 31 March 2020 have the following exercise prices and expiry dates:

Number of warrants	Exercise Price	Expiry Date
7,928,183	CAD$0.80	15 Dec 2020[1]
3,563,100	CAD$0.40	24 Sept 2021[2]
10,184,630	CAD$0.40	15 Dec 2021[3]
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 2019.
[2] The TSX-V consented to an extension on the expiry for these warrants, previously expiring 24 September 2019.
[3] The TSX-V consented to an extension on the expiry for these warrants, previously expiring 15 November 2019.

The weighted average remaining contractual life for the warrants as at 31 March 2020 is 1.67 years. The weighted average value of warrants issued in the year is $0.25 (2019: $0.10).

No warrants have been exercised or expired since March 31, 2020.

Note 19: Share Based Payments

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

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

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

	Year ended 31 March 2020	Year ended 31 March 2019
	Weighted average	*Weighted average*
Share price	**CAD$0.24**	CAD$0.048
Exercise price	**CAD $0.31**	CAD $0.05
Risk-free interest rate	**1.72%**	1.83%
Expected life of options	**3.00 years**	2.85 years
Annualized volatility	**243.78%**	198.13%
Dividend rate	**0%**	0%

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over a commensurate period of time which approximates the expectations that would be reflected in a current market. The value of Share based payments during the year was $324,728.

(Expressed in Australian Dollars)

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 2020	2019
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.

Note 21: Key Management Personnel

The following persons were key management personnel of the Company:

Non-Executive Directors
Alan Phillips, Non-Executive Director
David Lenigas, Non-Executive Director (resigned 21 May 2019)
Earl Evans, Non-Executive Director (resigned 20 September 2019)
Andrew Suckling, Non-Executive Director (Independent) (appointed 21 May 2019)
Daniel Lanskey, Non-Executive Director (Independent) (appointed 20 September 2019)

Executive Directors
Cameron McCall, Executive Chairman
Joe Phillips, CEO and Director

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 with no variable components.

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.

(Expressed in Australian Dollars)

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

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

i. Statement of Financial Position

Right-of-use asset	31 March 2020 $	31 March 2019 $
Leased building	431,527	-
Accumulated amortisation	(101,888)	-
	329,639	-

ii Statement of Profit or Loss and Other Comprehensive Income

	31 March 2020 $	31 March2019 $
Amortisation charge related to right-of-use asset	72,702	-
Interest expense on lease liabilities	20,663	-
Short-term lease expense	93,365	-

iii Total Cash outflows		
Interest expense	20,663	-
Principal payments	59,017	-
	79,680	-

iv Movement in Carrying amount		
Recognised on initial application of AASB 16	431,527	-
Amortisation for the period	(101,888)	-
Net carrying amount	329,639	-

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

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

On 10 July 2019, the Company closed a fully subscribed private placement offering up to USD$6,000,000 (AUD $8,667,734) of secured convertible notes. The total amount of Convertible Notes as at 31 March 2020 is USD$5,000,000 (AUD $8,134,049).

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.

Convertible Note Derivative

The convertible notes are deemed to contain an embedded derivative ("Convertible Note Derivative") relating to the conversion option. The convertible note derivative was valued upon initial recognition and at balance date at fair value using a Black Scholes binomial method at Nil. The convertible notes are measured at amortized cost and will be accreted to maturity over the term using the effective interest method.

Note 23: Convertible Note (Cont'd)

The Company designates its derivatives at fair value through profit or loss on initial recognition. The derivatives are re-measured to fair value at each balance sheet date and the movement in fair value is taken directly to the statement of profit or loss and other comprehensive income. Due to the terms of the convertible note agreements the convertible notes have been designated as a current liability in their entirety not withstanding that the convertible notes cannot be redeemed by the holder until the expiry date being 36 months from the advance date, or approximately August 2022. There are no circumstances in which the holder can compel the Company to settle the convertible notes via cash until expiry date.

In the event the convertible notes are converted to issued capital, the fair value of the convertible note derivative and the carrying value of the convertible notes will be reclassified to share capital. The key terms of the Convertible Notes are as follows:

(a) each Convertible Note has a face value of USD$10,000;
(b) the Convertible Notes will rank equally among themselves;
(c) the Convertible Notes are secured pursuant to the Security Trust Deed, General Security Deed and the Mining Tenement Mortgage;
(d) the Convertible Notes do not carry a right to vote at a general meeting of the Company;
(e) the Convertible Notes attract interest on the Advance at the interest rate of 12.5% per annum (with a default interest rate of 16.5% applying in the case of a default of payment of interest by the Company) payable monthly in arrears on the last business day of each month;
(f) at any time after the date on which the Advance is paid by the Noteholder, the Noteholder may give a conversion notice to the Company electing to convert part of or the whole of the outstanding amount of the Advance (and any unpaid interest), upon which the Company must issue to the Noteholder (or its nominee) such number of Shares as is equal to the Conversion Amount divided by the Conversion Price;
(g) The Conversion Price is the greater of:

    (1) the USD equivalent (at the exchange rate on the date immediately preceding the date of the Conversion Notice) of 80% of the average VWAP of the Company's Shares during the five trading days immediately preceding the date of the Conversion Notice; and

    (2) the USD equivalent of CAD$0.10 (at the exchange rate on the date immediately preceding the date of the Conversion Notice);

(h) subject to (i) below the Company must repay an Advance (and any accrued interest) in a single instalment on:

    (1) the date which is 36 months after the Advance Date;

    (2) within 20 business days of receiving a notice from the Noteholder in respect of the Company's change of control; or

    (3) within 20 business days of receiving a termination notice from the Noteholder in respect of the failure by the parties to satisfy certain conditions precedent to the issue of the Convertible Notes,

    upon which each Convertible Notes is cancelled and has no further legal effect; and

(i) the Company is entitled to prepay the Advance at any time, in whole or in part, on giving five days' written notice to the Noteholder (subject to an additional 20% of the principal amount of the Advance if prepayment occurs prior to the first anniversary of the Advance Date).

    (4) Pursuant to the Investment Agreements, the Noteholders are also entitled to be issued such number of Warrants as is equivalent to 25% of the CAD$ equivalent Face Value of the Convertible Notes subscribed for divided by the Exercise Price.

Note 23: Convertible Note (Cont'd)

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 convertible notes have been adjusted in accordance with the 4:1 Consolidation ratio.

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 2020.

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 $56,554 for bank guarantees issued for office leasing arrangements in Brisbane and corporate credit cards.

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 where the court of appeal has reserved its judgement with no indication of the timing of judgement being handed down.

The Company considers the FSDC Directors' Claim is without merit and will vigorously defend the FSDC Directors' Claim. Legal advisors have been appointed by the Company in respect of the FSDC Directors' Claim.

Note 26: Subsequent Events

a) Appointment of EAS advisors

On 21 January 2020, EAS Advisors was appointed as the Company's 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 and equity payment equivalent to US$5,000 per month settled quarterly for 8 months. Additionally, to incentivise EAS to assist in the growth of the Company, EAS received a total of 2,000,000 performance based options on 28 May 2020, granted as follows: 1) 500,000 options exercise price A$0.16 per fully paid ordinary share expiring 31 December 2020. 2) 500,000 options exercise price A$0.34 per fully paid ordinary share.3) 500,000 options exercise price A$0.36 per fully paid ordinary share. 4) 500,000 options exercise price A$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.

On 3 June 2020, 171,479 shares were issued to EAS Advisor settled as the first quarter equity payment.

(Expressed in Australian Dollars)

Note 26: Subsequent Events (cont'd)

b) Engagement of Investor Cubed Inc.

Investor Cubed Inc. has been engaged to provide capital markets advice, investor relations and marketing development services to the Company effective from 13 May 2020.

In connection with the engagement, Investor Cubed has been awarded a consulting contract of CAD$5,000 per month for a term of twelve months and the right to purchase 1,500,000 options issued on 28 May 2020, granted as follows: 1) 500,000 Options exercise price C$0.16 expiring 31 December 2022. 2) 500,000 Options exercise price C$0.24 expiring 31 December 2022. 3) 500,000 Options exercise price C$0.32 expiring 31 December 2022.

c) Appointment of Northland Capital Markets

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 is currently subject to review and approval by Financial Industry Regulatory Authority ("FINRA") and OTC Markets Group.

d) Agreement with Arrow Minerals Limited

Macarthur has entered into an agreement with Arrow Minerals Limited ("Arrow") on 20 December 2019 to acquire mineral tenure for the development of site infrastructure at its Lake Giles Iron Project covering approximately 4950 ha adjacent to the Moonshine Magnetite deposit. As part of the consideration for entering into the agreement, Macarthur has issued 1,702,997 shares valued at $250,000 on 23 June 2020.

e) Covid-19 Impacts

The Company is well placed to respond to the impacts of the current Covid-19 pandemic. It took early steps to actively identify and rationalise its operations, where required, in order to preserve its cash position. 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 2020 quarter. The Board remains confident that current market and the initiation of global stimulus measures provides an opportunity for the Company to advance its objectives. Provided that travel and regional access restrictions do not unduly impede progression of necessary components of the Company's study programs (such as completion of seasonal environmental surveys), the Company does not currently foresee material adjustments to its target project timeframes. However the Company will continually monitor events and adjust to circumstances as they arise.

Remote working arrangements have been seamlessly implemented across interstate lines. Board and Management are ensuring that productivity is being optimised and that the Macarthur team remains focused on delivering outcomes.

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	**2020 $**	**2019 $**
ASSETS		
Current Assets	**4,835,698**	394,671
Non-Current Assets	**32,081,651**	28,472,584
Total Assets	**36,917,349**	28,867,255

(Expressed in Australian Dollars)

Note 27: Parent Information (cont'd)

LIABILITIES		
Current Liabilities	**9,397,002**	2,860,403
Non-Current Liabilities	**310,930**	18,806
Total Liabilities	**9,707,932**	2,879,209
EQUITY		
Issued Capital	**104,794,986**	99,671,850
Retained Earnings	**(82,367,851)**	(78,222,956)
Reserves	**4,782,282**	4,539,152
TOTAL EQUITY	**27,209,417**	25,988,046
	2020	**2019**
STATEMENT OF COMPREHENSIVE INCOME	**$**	**$**
Profit/(loss) for the year	**(4,193,156)**	9,363,539
Total comprehensive profit/(loss) for the year	**(4,226,491)**	9,363,539

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.

Security Bonds

The Company has a contingent liability of $56,554 for bank guarantees issued for office leasing arrangements in Brisbane and corporate credit cards.

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

At 31 March 2020, Macarthur Minerals Limited has not entered into any contractual commitments for the acquisition of property, plant and equipment (2019: Nil).

Note 28: Remuneration of Auditors

	Consolidated	
	2020	**2019**
	$	**$**
During the year the following fees were paid or payable for services provided by the auditors.		
Nexia Brisbane:		
Audit and review of financial reports*	**60,000**	42,600
Other services	**17,500**	7,000
* *Included audit of half year accounts as per ASX requirements*	**77,500**	49,600
Davidson & Company LLP:		
Audit and review of financial reports in Canada	**20,000**	20,000
Other services	**-**	-
Total remuneration for audit and other services	**97,500**	69,600

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 27 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 2020 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
Executive Chairman

Dated: 30 June 2020

Nexia Australia

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Macarthur Minerals Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 March 2020, 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 2020 and of its performance for the year then ended; and

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

Basis for opinion

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

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

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

Material uncertainty related to going concern

We draw attention to Note 2(b) in the financial report, which indicates that at 31 March 2020 the Group's net working capital totaled $4,030,542, excluding amounts attributable to the warrant and convertible note liabilities. The note outlines initiatives being undertaken in relation to continuing operations, and the note indicates that continuing operations are dependent upon the ability to raise either additional equity capital or other funding.

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

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

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

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 matters

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 2020 the carrying value of exploration and evaluation assets is $66,218,216 (2019: $62,993,644). 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)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Fair Value Measurement of Share-based Payments

Refer to notes 16/17/18/19

During the year the Group entered into a number of share based payments by way of issuing warrants, options and restricted share units. The Group's accounting policy in respect of share based payments is outlined in Note 2(o).

For the year ended 31 March 2020 the amount charged to profit or loss in respect of share based payments totaled $1,046,663 (2019: $413,725) and the amount credited to profit or loss in respect of fair value adjustments of warrants totaled $1,680,335 (2019: $2,433,415 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.</td><td>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.</td></tr>
<tr><td>Convertible notes and related derivatives

Refer to note 23

During the year the Group issued convertible notes with a balance at 31 March 2020 totaling $8,134,049 (2019: Nil). The Group's accounting policy in respect of Convertible Notes is outlined in Note 2(l).

The accounting for and valuation of the convertible notes is complex due to significant judgement involved in:

Determining the appropriate accounting treatment, including classification as debt or equity and presentation in the financial statements; and

Determining the valuation of each element of the convertible note including embedded derivatives.

Accounting for convertible notes and related derivatives is a key audit matter as it is material to the Groups financial statements and due to the complexities and conditions which may have an impact on the carrying value of the notes and their presentation within the financial statements.</td><td>Our procedures included, amongst others:
We obtained the terms and conditions of the Convertible Notes;
We evaluated and challenged managements adopted accounting treatment;
Involving our valuation specialists:
We assessed the appropriateness of the valuation method adopted;
We challenged the reasonableness of the assumptions used in the valuation of the related derivative by agreeing to contracts key inputs such as term to maturity, redemption and conversion terms, assessing volatility used in the valuation by reference to historical share price; and
We assessed the adequacy of the relevant disclosures in the financial statements.</td></tr>
</table>

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group’s annual report for the year ended 31 March 2020, 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.

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:

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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 18 to 21 of the Directors' Report for the year ended 31 March 2020.

In our opinion, the Remuneration Report of Macarthur Minerals Limited Ltd for the year ended 31 March 2020 complies with section 300A of the *Corporations Act 2001*.

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 P/L

Nexia Brisbane Audit Pty Ltd

Gavin Ruddell
Director

Level 28, 10 Eagle Street
Brisbane, QLD, 4000

Date: 30 June 2020

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 for the year ended 31 March 2020, 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 2020

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

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 2020.

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 2020.

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	4	1,408
1,001 - 5,000	48	158,584
5,001 - 10,000	46	402,451
10,001 - 100,000	106	4,272,550
100,001 Over	56	99,425,844
	260	**104,260,837**

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	66,930,730	64.20
2	H & K SUPER MANAGEMENT PTY LTD <H & K SUPER FUND A/C>	3,249,116	3.12
3	FIRST APOLLO CAPITAL LIMITED	3,185,493	3.06
4	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	2,000,000	1.92
5	EYEON INVESTMENTS PTY LTD <EYEON INVESTMENTS FAMILY A/C>	1,850,000	1.77
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,803,071	1.73
7	ARROW MINERALS LTD	1,702,997	1.63
8	MR CAMERON HUGH MCCALL	1,584,951	1.52
9	CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	1,287,377	1.23
10	JOSEPHUS ANTONIO GROOT	1,000,000	0.96
10	MR GERARD KEN BARTLETT + MRS KIM BARTLETT	1,000,000	0.96
12	AUDANT INVESTMENTS PTY LTD <QUOTIDIAN NO 2 PTY LTD A/C>	950,264	0.91
13	ORBIT DRILLING PTY LTD	903,000	0.87
14	SHAW AND PARTNERS LIMITED	800,000	0.77
15	ORBIT DRILLING PTY LTD	720,830	0.69
16	MR NICHOLAS CALILE MALOUF	718,516	0.69
17	TAPLIN CORPORATE FINANCE PTY LTD <TAPLIN INVESTMENT A/C>	423,128	0.41
18	MR DAVID TALBOT CHINCHEN + MRS GAY GLOVER CHINCHEN	414,000	0.40
19	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	410,000	0.39
20	PURAN VIJAYKUMAR PRAJAPATI	400,001	0.38
Top 20 holders		**91,333,474**	**87.60**
Total Remaining Holders Balance		**12,927,363**	**12.40**

Additional ASX Information *(Cont'd)*

c) Voting rights

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

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	1206	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	1246	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	1396	HA	27-May-13	Under Application	MIO	Lake Giles Project
L30/0073	3199	HA	14-Nov-19	Under Application	MIO	Lake Giles Project
E30/522	28	SB	23-Apr-20	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