CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – prepared by Management)

For the nine months ended December 31, 2014

All amounts are in Australian dollars unless otherwise stated

ACN 103 011 436

Condensed Interim Consolidated Financial Statements – December 31, 2014

Contents

This condensed interim financial report covers the consolidated financial statements for the entity consisting of Macarthur Minerals Limited and its subsidiaries. The financial report is presented in the Australian currency.

Its registered office and principal place of business are detailed on page 7.

The financial report was authorized for issue by the directors on February 9, 2015. The directors have the power to amend and reissue the financial report.

MACARTHUR MINERALS LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Australian Dollars)
(Unaudited)
AS AT

	December 31, 2014	March 31, 2014
	$	$
ASSETS		
Current		
Cash and cash equivalents	**2,049,057**	3,628,858
Receivables	**45,935**	71,659
Security deposits and prepayments	**191,652**	411,723
Total current assets	**2,286,644**	4,112,240
Non-Current		
Plant and equipment (Note 4)	**515,121**	683,684
Exploration and evaluation assets (Note 5)	**60,172,527**	58,491,921
Total non-current assets	**60,687,648**	59,175,605
Total assets	**62,974,292**	63,287,845
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**139,451**	404,427
Employee benefits	**82,766**	93,731
Finance lease obligation (Note 6)	**3,638**	3,638
Total current liabilities	**225,855**	501,796
Non-Current		
Employee benefits	**5,317**	2,169
Finance lease obligation (Note 6)	**9,072**	11,798
Total non-current liabilities	**14,389**	13,967
Total liabilities	**240,244**	515,763
Shareholders' equity		
Contributed equity (Note 7)	**89,043,070**	86,686,256
Reserves	**3,768,970**	3,896,987
Deficit	**(30,077,992)**	(27,811,161)
Total shareholders' equity	**62,734,048**	62,772,082
Total liabilities and shareholders' equity	**62,974,292**	63,287,845

Nature and continuance of operations (Note 1)
Commitments (Note 15)
Contingent liabilities (Note 16)
Subsequent events (Note 17)

On behalf of the Board of Directors:

" Alan Phillips" Director ***"John Toigo"*** Director

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

MACARTHUR MINERALS LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Australian Dollars)
(Unaudited)

	Three months ended December 31, 2014 $	Three months ended December 31, 2013 $	Nine months ended December 31, 2014 $	Nine months ended December 31, 2013 $
EXPENSES				
Depreciation	(50,750)	(64,000)	(170,707)	(202,210)
Investor relations	(12,025)	(31,070)	(31,364)	(90,762)
Office and general	(88,131)	(70,121)	(282,906)	(227,035)
Personnel fees	(368,104)	(392,377)	(1,128,806)	(1,239,992)
Professional fees	(96,762)	(365,104)	(564,077)	(1,061,753)
Rent	(33,270)	(32,003)	(99,810)	(95,368)
Share-based compensation (Note 8)	(12,871)	(11,226)	(15,840)	(100,989)
Share registry, filing and listing fees	(15,562)	(19,160)	(86,592)	(115,855)
Travel and accommodation	(18,292)	(9,216)	(76,547)	(74,117)
Total Administrative Expenses	**(695,767)**	**(994,277)**	**(2,456,649)**	**(3,208,081)**
REVENUE				
Interest income	20,049	53,027	84,392	227,129
Other Income (Cost Order) (Note 16)	105,426	-	105,426	-
Net loss and comprehensive loss for the period	**(570,292)**	**(941,250)**	**(2,266,831)**	**(2,980,952)**
Basic and diluted loss per ordinary share (Note 7)	$ (0.01)	$ (0.02)	$ (0.04)	$ (0.07)
Basic and diluted weighted average number of ordinary shares outstanding	56,020,630	44,820,630	51,214,812	44,820,630

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

MACARTHUR MINERALS LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Australian Dollars)
(Unaudited)

	Number of Shares	Contributed Equity	Deficit	Reserves	Total Equity
	#	$	$	$	$
Balance at April 1, 2013	44,820,630	86,686,256	(24,004,820)	3,745,341	66,426,777
Net loss for the period	-	-	(2,980,952)	-	(2,980,952)
Share-based payment transactions	-	-	-	100,989	100,989
Balance at December 31, 2013	44,820,630	86,686,256	(26,985,772)	3,846,330	63,546,814
Balance at April 1, 2013	44,820,630	86,686,256	(24,004,820)	3,745,341	66,426,777
Net loss for the year	-	-	(3,806,341)	-	(3,806,341)
Share-based payment transactions	-	-	-	151,646	151,646
Balance at March 31, 2014	44,820,630	86,686,256	(27,811,161)	3,896,987	62,772,082
Balance at April 1, 2014	**44,820,630**	**86,686,256**	**(27,811,161)**	**3,896,987**	**62,772,082**
Net loss for the period	**-**	**-**	**(2,266,831)**	**-**	**(2,266,831)**
Private placement	**11,200,000**	**2,240,000**	**-**	**-**	**2,240,000**
Share issue costs	**-**	**(27,043)**	**-**	**-**	**(27,043)**
Re-allocation of share reserves	**-**	**143,857**	**-**	**(143,857)**	**-**
Share-based payment transactions	**-**	**-**	**-**	**15,840**	**15,840**
Balance at December 31, 2014	**56,020,630**	**89,043,070**	**(30,077,992)**	**3,768,970**	**62,734,048**

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

MACARTHUR MINERALS LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Australian Dollars)
(Unaudited)

	Nine months ended December 31, 2014	Nine months ended December 31, 2013
	$	**$**
OPERATING ACTIVITIES		
Net loss for the period	**(2,266,831)**	(2,980,952)
Items not involving cash:		
Depreciation	**170,707**	202,210
Share-based compensation	**15,840**	100,989
Loss (Gain) on disposal of equipment	**681**	(15,712)
Changes in non-cash working capital balances:		
Accounts payable and accrued liabilities	**(168,945)**	(463,496)
Other Operating Assets	**220,071**	20,082
Receivables	**12,774**	180,268
Net Cash used in Operating Activities	**(2,015,703)**	(2,956,611)
INVESTING ACTIVITIES		
Disposals/(Purchases) of plant and equipment	**(5,248)**	57,197
Government recoveries	**190,368**	-
Deferred exploration expenditures	**(1,959,449)**	(3,267,598)
Net Cash used in Investing Activities	**(1,774,329)**	(3,210,401)
FINANCING ACTIVITIES		
Proceeds from issuance of shares	**2,240,000**	-
Share issue costs	**(27,043)**	-
Repayment of finance lease	**(2,726)**	(80,546)
Net Cash provided by (used in) Financing Activities	**2,210,231**	(80,546)
Change in cash and cash equivalents during period	**(1,579,801)**	(6,247,558)
Cash and cash equivalents, beginning of period	**3,628,858**	10,673,169
Cash and cash equivalents, end of period	**2,049,057**	4,425,611

Supplemental disclosures with respect to cash flows (Note 11)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Macarthur Minerals Limited ("the Company") is an Australian public company listed in Canada on the Toronto Stock Exchange ("TSX") (symbol: MMS) and the OTC Market Place, OTCQX International ("OTCQX") (symbol: MMSDF) that is currently focused on the exploration and development of iron ore projects in Western Australia.

The Macarthur iron ore projects are owned by the Company's wholly owned subsidiary Macarthur Iron Ore Pty Ltd ("Macarthur Iron Ore" or "MIO"), and MIO's subsidiary Macarthur Midway Pty Ltd.

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

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

These condensed interim consolidated financial statements ("interim financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements are unaudited and have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board. These condensed interim financial statements follow the same accounting policies and methods of computation as the Company's audited consolidated financial statements for the year ended March 31, 2014.

The condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2014.

These condensed interim consolidated financial statements were authorized by the Board of Directors of the Company on February 9, 2015.

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies, refer to Note 3.

In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these condensed interim consolidated financial statements are in accordance with IFRS and have not been audited. The preparation of interim consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, including new accounting standards and interpretations, followed by the Company are set out in Note 2 to the audited financial statements for the year ended March 31, 2014, and have been consistently followed in the preparation of these condensed interim consolidated financial statements.

(Expressed in Australian Dollars)

4. PLANT AND EQUIPMENT

	Plant & Equipment $	**Motor Vehicles $**	**Office Equipment $**	**Total $**
Year ended March 31, 2014				
Opening net book value	523,949	268,121	200,718	**992,788**
Additions	34,068	-	9,603	**43,671**
Disposals	(63,056)	(27,924)	-	**(90,980)**
Depreciation charge	(67,318)	(92,379)	(102,098)	**(261,795)**
Transfers	(1,694)	-	1,694	**-**
Closing net book amount	425,949	147,818	109,917	**683,684**
At March 31, 2014				
Cost or fair value	653,582	408,351	391,553	**1,453,486**
Accumulated depreciation	(227,633)	(260,533)	(281,636)	**(769,802)**
Net book amount	425,949	147,818	109,917	**683,684**
Period ended December 31, 2014				
Opening net book value	425,949	147,818	109,917	**683,684**
Additions	635	-	2,190	**2,825**
Disposals	-	-	(681)	**(681)**
Depreciation charge	(46,354)	(68,929)	(55,424)	**(170,707)**
Closing net book amount	380,230	78,889	56,002	**515,121**
At December 31, 2014				
Cost or fair value	654,217	408,351	392,745	**1,455,313**
Accumulated depreciation	(273,987)	(329,462)	(336,743)	**(940,192)**
Net book amount	380,230	78,889	56,002	**515,121**

Included in plant and equipment is $44,104 of motor vehicles purchased through a finance lease.

5. EXPLORATION AND EVALUATION ASSETS

The Company holds 100% of the outstanding and issued share capital of MIO. MIO's assets include a 100% interest in the Macarthur Iron Ore Projects located in Western Australia including those of its subsidiary Macarthur Midway Pty Ltd.

(Expressed in Australian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd)

Exploration and evaluation expenditure
Interim Expenditure

The following is a summary of acquisition and deferred exploration costs incurred:

	Acquisition Costs	Deferred Exploration Costs	Total
	$	$	$
Balance as at March 31, 2013	**3,823,886**	**51,498,430**	**55,322,316**
Accommodation and camp maintenance	-	184,926	184,926
Drilling	-	121,139	121,139
Environmental Surveys	-	462	462
Other	-	256,672	256,672
Personnel and Contractors	-	1,713,744	1,713,744
Rent and rates	-	758,257	758,257
Research and reports	-	354,691	354,691
Sampling and testing	-	39,004	39,004
Site preparation and earthwork	-	18,998	18,998
Tenement management and outlays	-	44,178	44,178
Travel	-	96,797	96,797
Vehicle hire	-	86,634	86,634
Government Recoveries	-	(505,897)	(505,897)
	-	**3,169,605**	**3,169,605**
Balance as at March 31, 2014	**3,823,886**	**54,668,035**	**58,491,921**

	Acquisition Costs	Deferred Exploration Costs	Total
	$	$	$
Incurred during the period			
Accommodation and camp maintenance	-	84,780	84,780
E30/317 acquisition cost (refer to Note 15)	10,165	-	10,165
Drilling	-	23,100	23,100
Environmental Surveys	-	701	701
Other	-	144,312	144,312
Personnel and Contractors	-	839,164	839,164
Rent and rates	-	447,000	447,000
Research and reports	-	187,723	187,723
Sampling and testing	-	330	330
Tenement management and outlays	-	43,574	43,574
Travel	-	57,078	57,078
Vehicle hire	-	33,047	33,047
Government Recoveries	-	(190,368)	(190,368)
	10,165	**1,670,441**	**1,680,606**
Balance as at December 31, 2014	**3,834,051**	**56,338,476**	**60,172,527**

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

(Expressed in Australian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd)

Commitments

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

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

	Consolidated **December 31, 2014**	March 31, 2014
Not later than one year	$ 2,914,210	$ 2,737,429
Later than one year but not later than five years	$ 12,696,622	$ 12,367,701
	$ 15,610,832	$ 15,105,130

For the financial year ending March 31, 2015, the Company may and intends to apply for exemptions against expenditure in relation to those tenements which did not have sufficient expenditure recorded against them in the prior 12 months of their term. Exemption may and will 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 capitalized to exploration and evaluation assets for those tenements. In addition, the Company is applying for future exemptions on a number of mining tenements which will allow the Company exemption on future expenditure up to 2 years in advance.

Following exemptions being applied for tenement expenditure for the year ending March 31, 2015 and for 2 years in advance on a number of mining tenements as outlined above, the obligations not provided for in the financial statements and are payable at future dates as follows:

	Consolidated **December 31, 2014**	March 31, 2014
Not later than one year	$ 754,623	$ 651,897
Later than one year but not later than five years	$ 10,721,522	$ 12,367,701
	$ 11,476,145	$ 13,019,598

(Expressed in Australian Dollars)

6. FINANCE LEASE COMMITMENTS

The Company has a finance lease for one vehicle with a completion date of February 2016 (extended from February 2013). The vehicle is recorded at cost and classified as a depreciable asset. Title of the vehicle will transfer to the Company upon residual payment of $8,463, at the completion of the lease term.

Future payment obligations are as follows:

	Consolidated	
	December 31, 2014	March 31, 2014
Gross finance lease liabilities		
- minimum lease payments:		
No later than one year	**$ 4,639**	$ 4,639
Later than one year but no later than five years	**9,239**	12,716
	13,878	17,355
Less: interest	**(1,168)**	(1,919)
Present value of finance lease liabilities	**12,710**	15,436
Less: current portion	**(3,638)**	(3,638)
	$ 9,072	$ 11,798

7. CONTRIBUTED EQUITY

Ordinary Shares

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

	Consolidated	
	December 31, 2014	March 31, 2014
Issued and fully paid ordinary shares:	**$ 89,043,070**	$ 86,686,256
Number of shares on issue:	**56,020,630**	44,820,630

The Company closed the private placement of 11,200,000 shares at a price of AUD$0.20 (CAD$0.204) on July 24, 2014, for gross proceeds of AUD$2,240,000. The costs associated with this private placement totalled $27,043. Following closing of the placement, the Company has 56,020,630 shares on issue.

Share Compensation Plans

The Company, in accordance with its Share Compensation Plans and the policies of the TSX, is authorized to grant options, award equity restricted share units (“Equity RSUs”), 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 10% of issued and outstanding ordinary shares. Further, there exists a limit of 5% of issued and outstanding ordinary shares that can be issued under the Company’s Employee Share Compensation Plan in accordance with the Australian *Corporations Act 2001* and policy of the Australian Securities and Investments Commission, subject to certain exemptions.

7. CONTRIBUTED EQUITY (cont'd)

Share Compensation Plans (cont'd)

Both of the Company's Share Employee and Consultant Compensation Plans have been approved until September 15, 2015 by the shareholders and took effect from November 29, 2012, replacing the Company's previous Stock Option Plan.

To date, the Company has only issued options under the Share Compensation Plans. The exercise price of the options is fixed by the Board at no lesser than the fair market value of the shares on the grant date, subject to all applicable regulatory requirements. Options under the Share Compensation 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 options issued is measured and expensed as share-based compensation at 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 8). For further detail on the accounting treatment of share options refer to Note 3 accounting policies.

Upon exercise of options, the consideration paid by the option holder, together with the amounts previously recognized in reserves, is recorded as an increase to contributed equity.

Share Options

During the nine month period ended December 31, 2014

On June 10, 2014, pursuant to the Company's Employee Share Compensation Plan, an aggregate of 75,000 incentive stock options were granted to an employee of the Company with an exercise price of CAD$0.30 per share for a period of 3 years and have no vesting conditions.

On December 2, 2014, pursuant to the Company's Employee Share Compensation Plan, an aggregate of 1,325,000 incentive stock options were granted to employees and consultants of the Company with an exercise price of CAD$0.25 per share for a period of 3 years and have no vesting conditions.

During the year ended March 31, 2014

On September 27, 2013 pursuant to the Company's Consultant Share Compensation Plan, an aggregate of 2,400,000 incentive stock options were granted to executives of the Company. The options are exercisable for a 3 year period at CAD$0.25 per share and have no vesting conditions.

On December 19, 2013 pursuant to the Company's Employee Share Compensation Plan, 500,000 incentive stock options were granted to an employee of the Company. The options are exercisable for a 3 year period at CAD$0.25 per share and have no vesting conditions.

On January 30, 2014 pursuant to the Company's Share Compensation Plans 255,000 options were surrendered by various employees and a consultant, and an aggregate of 1,275,000 incentive stock options were granted to non-executive directors, various employees and a consultant. The options granted are exercisable for a 3 year period at CAD$0.30 per share and have no vesting conditions.

The Company did not award Equity RSUs or issue bonus shares or allow purchase under a share purchase scheme for common shares under the Share Compensation Plans during the year.

(Expressed in Australian Dollars)

7. CONTRIBUTED EQUITY (cont'd)

Share Options (cont'd)

Share option transactions issued under the Company's Share Compensation Plan and the number of share options outstanding are summarized as follows:

	Nine months ended December 31, 2014		Year ended March 31, 2014	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	**4,175,000**	**$0.26 (CAD$0.27)**	845,000	$2.12 (CAD$2.25)
Granted	**1,400,000**	**$0.27 (CAD$0.25)**	4,175,000	$0.26 (CAD$0.27)
Exercised	**-**	**-**	-	
Forfeited	**-**	**-**	(305,000)	$2.02 (CAD$2.07)
Expired	**-**	**-**	(540,000)	$1.83 (CAD$1.88)
Outstanding, end of period	**5,575,000**	**$0.28 (CAD$0.26)**	4,175,000	$0.26 (CAD$0.27)
Options exercisable, end of period	**5,575,000**	**$0.28 (CAD$0.26)**	4,175,000	$0.26 (CAD$0.27)

Share options outstanding at December 31, 2014 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
2,400,000	$0.26 (CAD$0.25)	September 26, 2016
500,000	$0.26 (CAD$0.25)	December 18, 2016
1,275,000	$0.32 (CAD$0.30)	January 29, 2017
75,000	$0.32 (CAD$0.30)	June 9, 2017
1,325,000	$0.26 (CAD$0.25)	December 1, 2017

The range of exercise prices for options outstanding at December 31, 2014 is CAD$0.25 to CAD$0.30.

The weighted average remaining contractual life for the share options as at December 31, 2014 is 2.13 years.

(Expressed in Australian Dollars)

7. CONTRIBUTED EQUITY (cont'd)

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Nine months ended December 31, 2014		Year ended March 31, 2014	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	-	-	589,150	$2.41 (CAD$2.56)
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	(589,150)	$2.50 (CAD$2.56)
Outstanding, end of period	-	-	-	-

8. SHARE-BASED COMPENSATION

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

The fair value calculated for options issued is expensed over their vesting period as share-based compensation in the statement of comprehensive loss and a corresponding amount is recorded to reserves. Upon exercise the fair value of the options is re-classified from reserves to contributed equity. The weighted average fair value of options granted during the period was $0.01 (December 2013 - $0.07). Refer to Note 7 for details of options granted during the period.

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

	Nine months ended December 31, 2014	Nine months ended December 31, 2013
	Weighted average	*Weighted average*
Share price	**CAD$0.075**	$ 0.11
Exercise price	**CAD$0.25**	$ 0.25
Risk-free interest rate	**1.0%**	1.10%
Expected life of options	**3 years**	3 years
Annualized volatility	**108.30%**	118.92%
Dividend rate	**n/a**	n/a

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.

(Expressed in Australian Dollars)

9. RELATED PARTY TRANSACTIONS

Related party disclosure

The consolidated interim consolidated financial statements include the financial statements of Macarthur Minerals Limited and the subsidiaries listed in the following table. Balances and transactions between the Company and its wholly-owned subsidiaries have been eliminated on consolidation. Macarthur Minerals Limited is the ultimate parent for all entities.

Name	**Country of Incorporation**	**% Equity Interest**	
		December 31, 2014	**December 31, 2013**
Macarthur Iron Ore Pty Ltd	Australia	100	100
Macarthur Midway Pty Ltd	Australia	100	100

There were no transactions between the Company and related parties in the wholly-owned Group during the year other than intercompany loans and remuneration for key management personnel details of which are contained in this note.

The terms and conditions of those transactions were no more favorable than those that it is reasonable to expect that the entity would have adopted if dealing on an arm's length basis.

Key Management Personnel

The following persons were key management personnel of the Company during the period ending December 31, 2014.

Chairman, President and Chief Executive Officer ("CEO")
A S Phillips

Non-Executive Directors
J Starink
J Toigo
J Wall
R Patricio

Other key management personnel
The following persons also had authority and responsibility for the planning, directing and controlling various activities of the Company during the financial year:

Other company executives

A ("Joe") Phillips	Chief Operating Officer ("COO")
D Taplin	Chief Financial Officer and Company Secretary ("CFO")

(Expressed in Australian Dollars)

9. RELATED PARTY TRANSACTIONS (cont'd)

Details of Remuneration

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

Period ending December 31, 2014	**Short Term Employee Benefits**			**Post-Employment Benefits**		**Share Based Payments**	
Directors	Cash Salary & Fees	Cash Bonus	Non-monetary benefits	Super-annuation	Retirement Benefits	Options	Total
	$	$	$	$	$	$	$
A S Phillips	243,747	-	-	-	-	1,943	245,690
J Starink [1]	68,935	-	-	-	-	486	69,421
J Toigo	45,000	-	-	-	-	-	45,000
J Wall	45,000	-	-	-	-	-	45,000
R Patricio	45,000	-	-	-	-	486	45,486
Other Company Executives:							
A J Phillips	200,628	-	-	-	-	1,943	202,571
D Taplin	191,250	-	-	-	-	1,943	193,193
Total	**839,560**	**-**	**-**	**-**	**-**	**6,801**	**846,361**

[1] J Starink was paid $23,935 for consulting services to the Company in September to December 2014

Remuneration accrued and payable to key management personnel as at December 31, 2014 was $0.

Remuneration of each key management personnel of the Company for the period ended December 31, 2013 was as follows.

Period ending December 31, 2013	**Short Term Employee Benefits**			**Post-Employment Benefits**		**Share Based Payments**	
Directors	Cash Salary & Fees	Cash Bonus	Non-monetary benefits	Super-annuation	Retirement Benefits	Options	Total
	$	$	$	$	$	$	$
A S Phillips	243,747	-	-	-	-	28,447	272,194
S Hickey[1]	22,500	-	-	-	-	-	22,500
J Starink [2]	55,325	-	-	-	-	-	55,325
J Toigo	42,500	-	-	-	-	-	42,500
J Wall	45,000	-	-	-	-	-	45,000
R Patricio	45,000	-	-	-	-	-	45,000
Other Company Executives:							
A J Phillips	200,628	-	-	-	-	28,447	229,075
D Taplin	191,250		-	-	-	28,447	219,697
Total	845,950	-	-	-	-	85,341	931,291

[1] S Hickey resigned on August 30, 2013
[2] J Starink was paid $45,000 in director fees up to December 31 2013 and $10,325 for consulting services to the Company under a consultancy agreement, commencing September 1, 2013

Remuneration accrued and payable to key management personnel as at December 31, 2013 was $128,125.

(Expressed in Australian Dollars)

9. RELATED PARTY TRANSACTIONS (cont'd)

Details of Remuneration (cont'd)

Cash Based Restricted Share Unit Plan

The CEO, COO and CFO and Company Secretary ("executives") are eligible to participate in the Company's cash based Restricted Share Unit ("RSU") Plan which entitles them to receive cash based RSUs.

The key terms of the executives' cash RSU agreements are:

- Cash RSUs vest on achievement of certain performance criteria within agreed dates as detailed in the agreements and plan.
- No value is attributable to cash RSUs until they vest.
- RSU cash payment amounts are based on the market value of a common share in the Company on the date that the cash RSU vests. Market value is calculated as the average of the daily volume weighted closing price of a common share of the Company on the TSX for the 20 trading days prior to the vesting date.
- Cash RSUs vest on termination without cause and change of control.

Total cash RSU entitlements for executives since commencement of the cash RSU Plan on December 5, 2011 are:

Executives	Number of Performance Based Cash RSUs		
	Granted	Vested	Balance
A S Phillips	232,143	29,018	203,125
A J Phillips	127,371	15,921	111,450
D Taplin	121,429	15,179	106,250
Total	480,943	60,118	420,825

During the nine month period ended December 31, 2014 no cash RSUs have vested and accordingly no liability has been accrued to any cash RSUs granted to date.

Other transactions with key management personnel

A number of key management personnel, or close members of their family, hold positions in other entities that result in them having significant influence over those entities for the purposes of IAS 24. Where transactions are entered into with those entities the terms and conditions are no more favourable than those that it is reasonable to expect the entity would have adopted if dealing on an arm's length basis.

The Company did not enter into any transactions with entities over which key management personnel have significant influence during the period and the corresponding prior period.

10. TAX CONSOLIDATION

The Company and its subsidiaries have formed a tax consolidated group for Australian taxation purposes. All entities are therefore taxed as a single entity.

(Expressed in Australian Dollars)

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Cash paid during the period for interest	**$ 7,278**	$ 7,437

During the period ended December 31, 2014, the Company entered into the following non-cash transactions:

a) Recorded $26,711 in deferred exploration expenditures through accounts payable.

During the period ended December 31, 2013, the Company entered into the following non-cash transactions:

a) Recorded $162,908 in deferred exploration expenditures through accounts payable.

b) Recorded $27,889 in receivables as a recovery of exploration expenditures.

12. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition, exploration and development of mineral properties in Australia. All of the Company's exploration and evaluation assets and plant and equipment are located in Australia.

13. FINANCIAL INSTRUMENTS

Credit Risk

Exposure to credit risk

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

	Carrying Amount	
	December 31, 2014	March 31, 2014
Financial assets		
Cash and cash equivalents	**$ 2,049,057**	$ 3,628,858
Security Deposits	**131,606**	337,620
Receivables	**45,935**	71,659
	$ 2,226,598	$ 4,038,137

The Company's receivables comprises of interest receivable and goods and services taxation payments recoverable from the Australian Government.

(Expressed in Australian Dollars)

13. FINANCIAL INSTRUMENTS (cont'd)

Credit Risk (cont'd)

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

	Carrying Amount			
		December 31, 2014		March 31, 2014
Australia	**$**	**45,935**	$	71,659
Canada		**-**		-
Total	**$**	**45,935**	$	71,659

The financial liabilities the Company has at the reporting date are payables and accrued liabilities, and finance lease liabilities. The Company has sufficient cash to cover these liabilities as they come due.

Currency Risk

Exposure to currency risk

The Company's exposure to foreign currency risk at the reporting date was as follows:

	AUD	CAD	AUD	CAD
	December 31, 2014		March 31, 2014	
Cash and cash equivalents	**1,965,155**	**83,902**	3,550,587	78,271
Receivables	**45,935**	**-**	71,659	-
Security deposits	**131,606**	**-**	337,620	-
	2,142,696	**83,902**	3,959,866	78,271
Accounts payable and accrued liabilities	**139,192**	**259**	344,271	60,156
Employee Benefits	**88,083**	**-**	95,900	-
Lease liability	**12,710**	**-**	15,436	-
	239,985	**259**	455,607	60,156
Net exposure	**1,902,711**	**83,643**	3,504,259	18,115

The following significant exchange rates applied during the period:

	Average rate		**Reporting date spot rate**	
AUD	**December 31, 2014**	March 31, 2014	**December 31, 2014**	March 31, 2014
Canadian dollar (CAD)	**0.9985**	0.9825	**0.9479**	1.0250

13. FINANCIAL INSTRUMENTS (cont'd)

Currency Risk (cont'd)

Sensitivity analysis

As at December 31, 2014, the Company's expenditures are in Australian dollars and Canadian dollars. As at December 31, 2014, the Company had cash of $83,902 (March 31, 2014 – $78,271) in a Canadian bank account and accounts payable of $259 (March 31, 2014 – $60,156) for Canadian suppliers. For each 10% change in the Australian dollar vs. Canadian dollar a $7,929 gain/loss would arise (March 31, 2014 - $1,857) on this balance of cash and accounts payable.

Interest rate risk

Profile

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

	Consolidated Carrying amount	
	December 31, 2014	March 31, 2014
Variable rate instruments		
Financial assets	**$ 2,096,137**	$ 3,887,754

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates 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 this period.

	Profit or loss		**Equity**	
	100bp increase	100bp decrease	100bp increase	100bp decrease
December 31, 2014				
Variable rate instruments	**$ 20,961**	**$ (20,961)**	**$ 20,961**	**$ (20,961)**
March 31, 2014				
Variable rate instruments	$ 38,878	$ (38,878)	$ 38,878	$ (38,878)

14. 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 does 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 unissued capital of shareholders' equity.

(Expressed in Australian Dollars)

14. CAPITAL MANAGEMENT (cont'd)

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 and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

In addition to its exploration and evaluation activities with the Macarthur Iron Ore Projects, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels 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.

There were no changes in the Company's approach to capital management during the period ending December 31, 2014. The Company is not subject to externally imposed capital requirements.

15. COMMITMENTS

Operating lease agreements

At December 31, 2014 the Company had the following commitments:

	Finance Vehicle leases	Operating Building leases	Total
	$	$	$
Within one year	3,638	138,022	141,660
Later than one year but no later than five years	9,072	34,917	43,989
Total minimum lease payments	**12,710**	**172,939**	**185,649**

The Company has a finance lease for one vehicle with a completion date of February 2016. The vehicle is recorded at cost and classified as a depreciable asset. Title of the vehicle will transfer to the Company upon residual payment of $8,463, at the completion of the lease term.

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 5 to the condensed interim consolidated financial statements for the period ended December 31, 2014.

Option Agreement E30/317

The Company entered into an option agreement on June 16, 2011 to acquire exploration tenement E30/317, with an area of 29 km^2. The Company has paid the initial acquisition cost of $100,000 and a further option fee of $200,000 on the first anniversary. As at the reporting date the Company has fully met the $500,000 expenditure requirement and has nil outstanding under the option agreement.

The Option has been extended until December 16, 2015. The Company is required to keep the tenement in good standing and the option fee remains the same at $10,000,000.

The Company also paid $10,165 for stamp duty payable on the option agreement entered into on June 16, 2011.

Apart from the above, the Company has no other material commitments at balance sheet date.

16. CONTINGENT LIABILITIES

Mining Rehabilitation Fund ("MRF")

The MRF was implemented by the Western Australian Government on July 1, 2013. The MRF provides a pooled fund, levied according to the environmental disturbance existing on a tenement at the annual reporting date. All tenement holders operating on *Mining Act 1978* tenure (with the exception of tenements covered by State Agreements not listed in the regulations), will be required to report disturbance data and contribute annually to the Fund. Tenements with a rehabilitation liability estimate below a threshold of $50,000 will report disturbance data but will not be required to make payment to the Fund. The MRF replaces the bond system and obviates the need to lodge a security bond for exploration or mining activities. The Company has submitted data required by the MRF and has had all bonds returned. The annual levy paid for the year ended June 30, 2014 was $700.

First Strategic Development Corporation Ltd (in liquidation)

The decision in the Queensland Supreme Court action by the Liquidator for First Strategic Development Corporation Limited (in Liquidation) ("FSDC"), against the directors of FSDC for insolvent trading was handed down on Friday, April 4, 2014. The Court ordered that:

1. The first and third defendants, Sing Chuck Charles Chan and Wai Tak (Edward) Kwok, pay to FSDC, the sum of $1,349,131.
2. The second defendant, Wai Lap Victor Chan, pay to FSDC, the sum of $1,322,867.

Legal costs were also awarded against the first, second and third defendant directors on an indemnity basis, which the legal adviser to the Liquidator has indicated to Macarthur is expected to be in excess of $500,000.

The defendants lodged an appeal on May 2, 2014. The Court of Appeal heard the appeal on September 25, 2014 and has reserved its judgement.

An amount has been paid into the liquidator's solicitor's trust account as part of an agreed stay on enforcement of the judgement. Such funds are payable to FSDC in the event the appeal is unsuccessful.

Macarthur is a creditor of FSDC and lodged a Proof of Debt with FSDC's liquidator for approximately $460,000. Macarthur and another creditor entered into a Funding Agreement with the liquidator of FSDC, to fund the costs and expenses of the proceedings. Pursuant to the Funding Agreement Macarthur is entitled to re-imbursement of its costs of removing the original liquidator, plus the costs of the public examinations, insolvent trading action, enforcement of the judgement and the appeal.

LPD Holdings (Aust) Pty Ltd v. Macarthur Minerals Limited

In July 2012, LPD Holdings (Aust) Pty Ltd ("LPD") and Mayson Associates Limited ("Mayson") brought proceedings against the Company and some of the directors and officers of the Company in the Queensland Supreme Court alleging a wide range of breaches of various provisions of the Australian *Corporations Act 2001* and sought a wide range of relief against the Company and other respondents under provisions of the Australian *Corporations Act 2001*. These proceedings were dismissed in November 2012 and the Company was awarded costs on an indemnity basis ("Indemnity Costs Order"). LPD and Mayson appealed the Indemnity Costs Order in the Queensland Court of Appeal ("Appeal") and on October 11, 2013 the Appeal was dismissed with costs of the Appeal being awarded to the Company on a standard basis ("Appeal Costs Order").

16. CONTINGENT LIABILITIES (cont'd)

LPD Holdings (Aust) Pty Ltd v. Macarthur Minerals Limited (cont'd)

The Appeal Costs Order was assessed at $105,426 and was paid by LPD to the Company. The Indemnity Costs Order was assessed at $281,556.

The Company will vigorously defend new proceedings that were brought by LPD in November 2012 ("Proceedings"). On November 26, 2013 the Proceedings were stayed by consent pending payment of the Indemnity Costs Order and Appeal Costs Order by LPD and Mayson. The Company was also awarded costs on a standard basis up to and including August 28, 2013 in respect of the Company's strike-out application in the Proceedings. Security of $66,605 is held in the Supreme Court against these costs.

17. SUBSEQUENT EVENTS

LPD Holdings (Aust) Pty Ltd v. Macarthur Minerals Limited

The Company has received $231,556 to date relating to the Indemnity Costs Order and is awaiting the balance of $50,000 to be paid to it, following release from the Supreme Court of Queensland, which it holds as security for costs.

The costs of the strike out application in the Proceedings have been assessed at $89,038 and are due to be paid to the Company.

TSX Listing Review

On February 3, 2015 the Company received notice from the TSX that it is reviewing the common shares of the Company with respect to meeting the continued listing requirements of TSX. TSX has indicated that the review process is being conducted as a result of the decline in the market value of the Company's common shares pursuant to Part VII of the TSX Company Manual.

The Company is being reviewed under TSX's Remedial Review Process and has been granted 120 days to comply with all requirements for continued listing. If Macarthur cannot demonstrate that it meets all TSX requirements set out in Part VII of the TSX Company Manual on or before June 3, 2015, the Company's securities will be delisted from TSX 30 calendar days from such date.

The Company intends to enter into discussions with TSX, and to potentially apply for listing of its common shares on the TSX Venture Exchange (TSX-V) (if the TSX's listing requirements are unable to be met) to ensure, to the extent possible, continued and seamless trading liquidity for shareholders.