MACARTHUR
Minerals

Australian Annual Report

Year end 31 March 2013

HIGHLIGHTS

Over the last 12 months, Macarthur has continued to focus on growth towards development. Despite the challenging global economic conditions, Macarthur remains focused on its immediate goals of delivering its Ularring Hematite Project to market in the shortest possible time frame.

Positive Preliminary Feasibility Study

The technical and financial evaluation in the Preliminary Feasibility Study ("PFS") concluded that, based on the information currently available:

- Project pre-tax real **Net Present Value** of **A$456 million**.
- **13 year** mine life.
- Probable Mineral Reserve of **42.95 Mt** @ 47% Fe.
- Total capital cost estimated at **A$262.7 million**.
- **Operating costs** estimated at **A$78/t** (rounded).
- **Total revenue** estimated at **A$3.238 billion** (rounded).

The Ularring Hematite Project's 2012 Preliminary Feasibility Study indicated that it is economically viable and robust

Significant Environmental Approvals

The Western Australian Government has provided environmental approval for the Ularring Hematite Project

The Chairman of the Environmental Protection Authority has recommended that the Ularring Hematite Project may be implemented. Draft environmental compliance conditions for the Ularring Hematite Project are expected to be endorsed by the Western Australian Minister for Environment shortly.

Advanced Engagement of Port Expansion

Macarthur is actively working with Esperance Ports Sea and Land, potential partners and other stakeholders to advance the expansion of the Port of Esperance. During the year, Macarthur participated in a Market Sounding Process and provided information for the 'request for proposal' procurement phase as a miner.

Macarthur actively participated in the Market Sounding Process and has entered into a 2 Mtpa capacity reservation deed for the Port of Esperance expansion

Exploration & Metallurgy

Macarthur has completed exploration on the Ularring Hematite Project and has moved into the development phase

Ularring Hematite Project

Macarthur has sufficient mineral resources to commence production of a 13 year mine life with **indicated** hematite resources of **54.4 Mt @ 47.2% Fe** and an **inferred** hematite resource of **26 Mt @ 45.4% Fe**.

Preliminary metallurgical test work on a wide range of sample types from the Ularring Hematite Project has demonstrated that lower grade materials can be successfully upgraded. This enables a significantly greater part of the resource inventory to be commercially exploited. Further validation and verification of metallurgical test work is underway and is expected to produce detailed engineering design and economic performance parameters.

Moonshine Magnetite Project

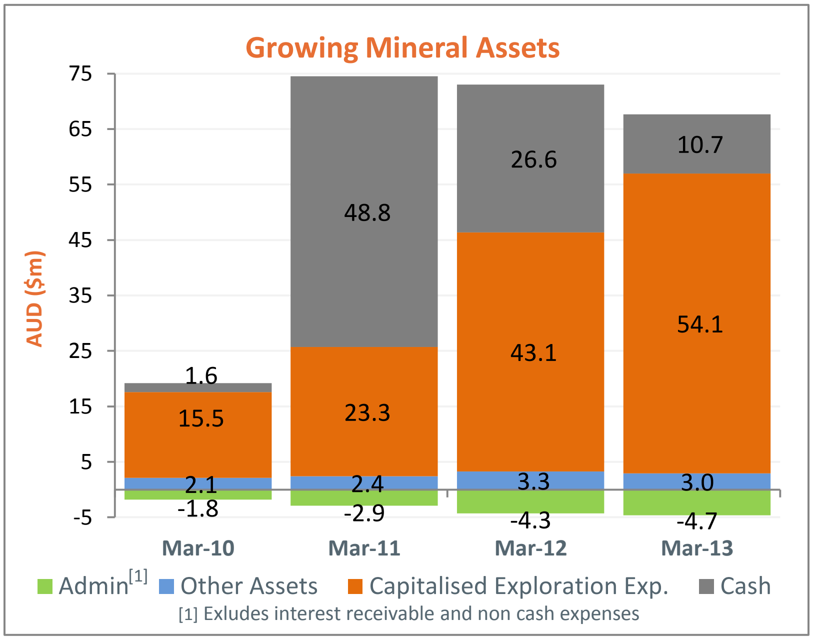
Further drilling was undertaken as part of a co-funded drill program with the Western Australian Department of Mines & Petroleum targeting high grade magnetite mineralisation. The Moonshine Magnetite Project's resource is **1.3 Bt** inferred at an average grade of **30.1% Fe**.

Nickel and Gold

Macarthur completed a preliminary evaluation of the nickel and gold potential on the existing Macarthur tenements. Soil samples are currently being subject to assays.

Financial

- Macarthur's cash position as at 31 March 2013 was **$10.7 million**.
- The Company's total capitalised exploration assets as at 31 March 2013 were **$54.1 m.**
- Macarthur's transition to the development phase will focus on reduced exploration expenditure with increased focus on economic studies to optimise project value.



From the Chairman, Moving Forward

Since the release of the PFS, the Company has continued to optimise the core mining, processing and logistical functions as outlined in the PFS seeking ways to further reduce the Freight on Board (FOB) cost for the Ularring Hematite Project. Macarthur has also commenced an expression of interest program for the development of haul route and fleet, minerals processing, contract mining, and heavy equipment provision.

Esperance Ports Sea and Land has recently announced two shortlisted consortia; Qube Bulk Pty Ltd and Brookfield Infrastructure (Australia) Pty Ltd; and Yilgarn Esperance Solution consortium (comprised of McConnell Dowell Constructors (Aust) Pty Ltd, Asciano Ltd and Marubeni Corporation Ltd) who will bid for the construction of the Port of Esperance. Macarthur has good relationships with each party and will continue to engage with them in relation to the best outcome for the Ularring Hematite Project.

A bulk sampling program from the Ularring Hematite Project has been completed and small scale beneficiation of 1 tonne of iron ore is currently underway to supply final product testing for steel mills.

Macarthur is positioning itself to be a leading iron ore producer anticipating continued growth in iron ore demand from China, Korea, Japan and eventually India. The Company continues to deliver on its commitment to create shareholder value driven by production cash flows. Macarthur remains well funded and holds firm in its part to deliver the Ularring Hematite Iron Ore Project.

Alan Phillips
Chairman, President and CEO

ACN 103 011 436

Annual Report - Year ended 31 March 2013

Australian Annual Report

Corporate Directory
31 March, 2013

Stock Exchange Listing

Macarthur Minerals Limited (the “Company” or “Macarthur”) is a public company and is quoted on the Official Lists of the Toronto Stock Exchange (“TSX”) (symbol: MMS) and the OTC Market Place, OTCQX International (symbol: MMSDF). The Company is incorporated in Australia and registered in Queensland.

Directors

Alan S Phillips – President, Chairman and CEO
Simon Hickey
John Toigo
Jon Starink
Jeffrey Wall, CBE, appointed 15 June 2012
Richard Patricio, appointed 18 September 2012

Company Secretary

David Taplin

Registered and Head Office

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Canadian Share Registry

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Website address: www.computershare.com

Australian Share Registry

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Your directors present their report together with the financial statements on the consolidated entity (referred to hereafter as the Group) consisting of Macarthur Minerals Limited and the entities it controlled at the end of, or during, the year ended 31 March, 2013. 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 Alan S Phillips Chairman, President and CEO	Mr Phillips was appointed to the board on 19 October, 2005. Mr Phillips has been a senior executive, director and chairman of ASX, TSX-V, TSX and AIM listed companies over a period of 30 years. Mr Phillips has experience in a broad range of industries, but predominantly in the mining and exploration of copper, gold, ethanol and iron ore and technology sectors.
Mr Simon Hickey Non-Executive Independent Director, Chair of Audit Committee and Member of Remuneration and Nomination Committee.	Mr Hickey was appointed to the board on 15 February, 2005. Mr Hickey has experience as a director of ASX and TSX listed companies in the resource sector over 20 years. Over the past 10 years he has established several successful private businesses in North America and Australia. Mr Hickey holds a Bachelor of Commerce and a Graduate Diploma in Applied Finance and Investment and is a member of the Australian Institute of Company Directors.
Mr John Toigo Non-Executive Independent Director, Chair of Remuneration and Nomination Committee and Member of Audit Committee.	Mr Toigo was appointed to the board on 31 August, 2009. Mr Toigo is the managing partner of ClarkeKann Lawyers, an Australian based corporate and commercial law firm with offices in both Brisbane and Sydney. Mr Toigo has over 25 years' experience as a corporate lawyer with particular emphasis on capital raisings, public and private, mergers and acquisitions, companies and securities regulation, company structuring, corporate governance, corporate finance and complex commercial transactions. He holds a Bachelor of Laws (Hons) and a Graduate Diploma in Applied Finance and Investment. Mr Toigo is a member of Australian Institute of Company Directors, Queensland Law Society and the Resources and Energy Law Association.
Mr Jon Starink Part-time Executive Director	Mr Jon Starink was appointed to the board on 23 June, 2011. Mr Starink has 35 years' experience in the mining industry. He is a Chartered Professional Engineer, a Chartered Scientist and Chartered Chemist. His corporate experience includes board level corporate governance, executive corporate management and administration, corporate finance and strategic business development, technical and financial project audit and evaluation, introductions to capital markets and investment risk management. Mr Starink holds a Bachelor of Science (Hons1), Bachelor of Chemical Engineering (Hons1), Master of Applied Science and holds the following grades and memberships of professional bodies, FAusIMM, FIEAust, FIChemE, MRACI and MTMS.

Directors (Cont'd)

Name, Independence Status and Special Responsibilities	Experience, expertise and qualifications
Mr Jeffrey Wall, CBE Non-Executive Independent Director, Member of Audit Committee.	Mr Wall, CBE was appointed to the board on 15 June, 2012. Mr Wall, CBE, is a public affairs advisor and consultant and over the past 40 years he has served as chief and senior advisor to Prime Ministers and Senior Ministers in Papua New Guinea; as a senior advisor to federal and state Ministers in the Federal and Queensland Governments; and as an advisor the Lord Mayor of Brisbane. He also acted as a consultant to the World Bank and to the Queensland Government on issues relating to Papua New Guinea and the South Pacific. He began his working life as a journalist, and has served in administrative roles in rugby league, the Anglican Church, and several charities. In 1992 he was made an Officer of the Order of the British Empire (OBE) and in 2010 a Commander of the Order of the British Empire (CBE) for services to government and community in Papua New Guinea.
Mr Richard Patricio Non-Executive Independent Director, Member of Remuneration and Nomination Committee	Mr Patricio was appointed to the board on 18 September, 2012. Mr Patricio is vice president legal and corporate affairs at Pinetree Capital Ltd ("Pinetree"). Having joined Pinetree in 2005, Mr Patricio is responsible for Pinetree's merger and acquisition activity, corporate transactions, compliance, corporate governance and the administration of Pinetree. Mr Patricio currently holds directorships with several Canadian based resource companies. Mr Patricio received his law degree from Osgoode Hall, was called to the Ontario bar in 2000 and previously practised law at Oslers LLP in Toronto.

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*
Alan S Phillips	Cadan Resources Ltd (TSX-V: CXD)	15 Jun, 2003 – 27 Jan, 2011
Simon Hickey	-	-
John Toigo	-	-
Jon Starink	Gippsland Ltd (ASX: GIP)	8 May, 2007 – Current
Jeffrey Wall	-	-
Richard Patricio	U3O8 Corp (TSX: UWE)	8 Apr, 2010 - Current
	Mega Precious Metals Inc (TSX-V: MGP)	3 Oct, 2005 – Current
	Terreno Resources Corp (TSX-V: TNO)	19 Aug, 2010 – Current
	Energy Fuels Inc (TSX: EFR)	3 Apr, 2012- Current
	Caledonia Mining Corp (TSX: CAL)	17 May, 2012 – Current
	NexGen Energy Ltd (CN:NXE)	18 Dec, 2012 – Current
	Dejour Energy Inc (TSX: DEJ)	17 Oct, 2008 – 21 Sep, 2012
	Mooncor Oil & Gas Corp. (TSX-V: MOO)	28 Jul 2011 - 21 Sep, 2012
	X-Terra Resources Corp. (TSX-V: XT)	23 Jul 2008 - 15 May, 2012
	Titan Uranium Inc. (TSX-V: TUE)	4 Aug 2009 - 29 Feb, 2012
	Santa Maria Petroleum (TSX-V: SMQ)	7 Jun, 2005 – 4 Jul, 2011

Company Secretary

Mr David Taplin was appointed company secretary on 31 August, 2009. Mr Taplin has held positions as chief financial officer, company secretary, general counsel and in corporate development for several ASX, TSX-V companies and government-owned corporations, with a particular focus on resources and energy. Mr Taplin has worked extensively in corporate law, corporate governance and corporate finance both in Australia and internationally. He regularly instructed courses in corporate governance at some of Australia's leading business schools and professional institutions. Mr Taplin holds Bachelor of Laws, Master of Business Administration (AGSM), Graduate Diploma of Applied Corporate Governance, Graduate Diploma of Business Management, and is a solicitor, CPA, Chartered Secretary (FCIS and FCSA) and member of the Australian Institute of Company Directors.

Principal Activities

Macarthur Minerals Limited is an Australian public company, listed in Canada on the TSX and on the OTCQX that is currently focused on the exploration and development of iron ore tenements in Western Australia.

Macarthur's iron ore projects are owned by its wholly owned subsidiary Macarthur Iron Ore Pty Ltd ("Macarthur Iron Ore" or "MIO") and its subsidiary Macarthur Midway Pty Ltd (formerly Hatches Nominees Pty Ltd).

The Macarthur Iron Ore Projects consist of two distinct mineral projects:

1. The Ularring Hematite Project: encompassing hematite iron ore ("hematite"), to be marketed as potential direct shipping and/or beneficiated iron ore; and
2. The Moonshine Magnetite Project: encompassing magnetite iron ore ("magnetite"), to be marketed as a beneficiated magnetite concentrate; ("Macarthur Iron Ore Projects").

The Macarthur Iron Ore Projects are located on exploration and mining tenements covering 1,226 km^2 (as at June 26, 2013) located 175 km northwest of Kalgoorlie in Western Australia. Within the tenements at least 75 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.

Outcropping BIF occurs as both siliceous magnetite rich types and altered hematite iron enriched varieties. Exploration by the Company has identified a number of relatively small near-surface hematite prospects as a source of beneficiated iron ore and larger (and generally deeper) magnetite rich BIF, as a source of beneficiated concentrate.

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

Dividends

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

Report on Operations and State of Affairs

Operating Results

The Group's consolidated loss for the year ended 31 March, 2013 amounted to $4,062,124 after income tax. As an exploration and development company, the Company will continue to report losses until such time as profit is earned from potential production activities.

The loss for the year consists of administrative expenses and share based compensation, and represents a 56% increase on the prior year's loss of $2,595,966. This increased loss was mainly attributable to a reduction of interest revenue by $1,256,263 as a result of a decreasing cash position.

Report on Operations and State of Affairs (Cont'd)

Financial Position

The Group's capitalised exploration and evaluation expenditure of $54,059,326 increased by $10,960,481 resulting from continued exploration and development activities. Property, plant and equipment additions were $172,981 for the year. As a result of increased capitalised expenditure, and administrative expenses, the Group's cash position as at 31 March, 2013 was $10,673,169 compared to $26,589,704 at 31 March, 2012. At 31 March, 2013, the Group's net assets were $66,426,777 compared with $70,438,848 at 31 March, 2012.

ULARRING HEMATITE PROJECT

A. Exploration Activities

i. Exploration Activities during the year ended 31, March 2013

1) Resource Exploration

For the year ended 31 March, 2013 a total of 308 reverse circulation ("RC") drill holes were drilled to test shallow hematite mineralisation within the Ularring Hematite Project tenements, for a total of 13,343 metres ("m").

The first 41 holes for a total of 2,256 m were drilled in March 2012. The main purpose for this drill program was to improve the Company's mineral resource and to convert areas of Inferred Mineral Resource into Indicated Mineral Resource.

The Company completed its latest round of exploratory and resource infill RC drilling early in the December quarter. This program commenced in August 2012 and consisted of 267 shallow RC holes for 11,087 m. The holes were drilled in the Central, Banjo, Bent Snake and Yabu deposit areas to extend known areas of hematite/goethite mineralisation. Drilling at individual deposits for the year end 31 March, 2013 are summarised in **Table 1**.

Table 1 – Exploration Drilling at individual deposits

Deposits	Type	No of Holes	Metres Drilled	Purpose
Yabu	RC	49	2,060	Hematite exploration targets.
Bent Snake	RC	34	1,442	New hematite exploration targets.
Cody's Ridge	RC	6	180	Hematite resource definition and hematite exploration targets.
Snark	RC	7	300	Hematite resource definition.
Drabble Downs	RC	13	722	Hematite resource definition.
Central	RC	141	6,101	Hematite resource definition and hematite exploration targets.
Banjo	RC	58	2,538	Hematite resource definition and hematite exploration targets.
TOTAL	**RC**	**308**	**13,343**	

During January and February 2013, eight (8) vertical PQ (75mm) diamond holes were completed specifically for metallurgical bulk test work. Results of this bulk testing are pending.

Report on Operations and State of Affairs (Cont'd)

2) Water Exploration

In determining the water necessary for the Ularring Hematite Project, the Company recommenced an RC water exploration program in early February 2013. Nine (9) water exploration holes have been drilled in 2013, seven (7) of which had potential average flow rates of approximately 2 litres per second. Water samples have been collected and sent for analysis. In addition, two (2) water bores were drilled, installed and test-pumped to determine long-term flow rates for use in ore processing in early February 2013.

3) Mineral Resource

On 1 June, 2012 the Company announced the results of its metallurgical test work programs that were designed to test the amenability of hematite from the Ularring Hematite Project to beneficiation. These test programs were undertaken as part of the Company's on-going examination of a number of alternative approaches to optimizing the potential of the Ularring Hematite Project resources.

Based on the positive results of the metallurgical test work the Company announced a substantial increase in the hematite/goethite Mineral Resource inventory at its Ularring Hematite Project (News Release June 14, 2012).

Independent mining consultancy group CSA Global Pty Ltd ("CSA") was commissioned by Macarthur to generate a new NI43-101 Mineral Resource estimate for the Ularring Hematite Project, presently comprised of five separate deposits being Snark, Drabble Downs, Central, Banjo (previously called Banjo-Lost World) and Moonshine.

The previous Mineral Resource for the Ularring Hematite Project estimate was based upon a nominal 50% Fe cut-off grade. As a consequence of the positive metallurgical test work (News Release June 1, 2012), which demonstrated that the lower grade mineralization in the Ularring Hematite Project is amenable to beneficiation, the Company and CSA utilised a geological model which encapsulates the Ularring Hematite Project's BIF strata. The new Mineral Resource estimate was constrained by the BIF envelope and was reported from all blocks above a 40% Fe cut-off grade. It incorporates all of the drill results prior to the last round of drilling described above. The exception to this is the Moonshine deposit's Mineral Resource, which was not remodelled and was previously estimated using a 50% Fe envelope which is reported for blocks > 50% Fe. This is discussed in the Technical Report filed March 9, 2012.

Table 2 - Ularring Hematite Project Mineral Resource at June 2012

Category	Tonnes Mt	Fe %	P %	SiO_2 %	Al_2O_3 %	LOI %	S %
Indicated	54.46	47.2	0.06	16.9	6.5	7.9	0.16
Inferred	25.99	45.4	0.06	20.6	6.0	7.2	0.09

***Note**: The CSA mineral resource was estimated within constraining wireframe solids encapsulating BIF strata. The resource is quoted from blocks above 40 Fe % cut-off grade, except Moonshine where resource is quoted from blocks above 50 % Fe. Differences may occur due to rounding. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.*

Report on Operations and State of Affairs (Cont'd)

Table 3 - June 2012 Ularring Hematite Project Mineral Resource by Deposit

Deposit	Reporting cut-off grade (Fe%)	Category	Tonnes Mt	Fe %	P %	SiO_2 %	Al_2O_3 %	LOI %	S %
Snark	40	Indicated	21.83	47.2	0.07	17.5	6.1	7.7	0.15
	40	Inferred	10.96	45.2	0.07	21.8	5.1	6.8	0.09
Drabble Downs	40	Indicated	11.07	47.2	0.06	16.6	6.4	8.3	0.26
	40	Inferred	0.36	43.6	0.05	24.0	4.8	7.8	0.09
Central	40	Indicated	15.09	47.0	0.05	16.2	7.2	8.1	0.12
	40	Inferred	10.19	45.3	0.06	20.3	6.3	7.5	0.08
Banjo	40	Indicated	6.47	47.8	0.06	16.7	6.6	7.4	0.14
	40	Inferred	3.88	45.4	0.06	18.7	7.6	7.9	0.09
Moonshine	50	Inferred	0.60	53.0	0.06	13.4	6.7	6.1	0.15

ii. Exploration Activities since the year ended 31 March, 2013

There has been no resource exploration activity since the year ended 31 March, 2013.

B. Development Activities

i. Development Activities during the year ended 31 March, 2013

1) Preliminary Feasibility Study

On 16 August, 2012 the Company announced the results of a positive Preliminary Feasibility Study ("PFS"), for the Ularring Hematite Project that incorporates the Snark, Drabble Downs, Central and Banjo hematite deposits located within the Company's tenements.

The PFS evaluated a wet beneficiation process based on Indicated Mineral Resources above a cut-off grade of 40% Fe and previously reported metallurgical test work results (News Release dated 1 June, 2012) as well as follow-up test work completed in July 2012.

PFS highlights include:

- The technical and financial evaluation in the PFS concluded that, based on the information available at that time, the project is economically viable and robust and that further project development is justified.
- Project pre-tax real Net Present Value ("NPV") of A$456 million at an 8% discount rate, based on a discounted cash flow model with:
  - a project life of 13 years with saleable product of 60% Fe at 2 million tonnes per annum ("Mtpa");
  - total sales of 25.77 million tonnes; and
  - no terminal value added to the NPV, which assumes no extension to the plant and/or mine life.
- The project is potentially highly profitable with a discounted payback (based on NPV) in 3 years.
- Operating costs estimated at A$78/t (rounded).
- Total revenue estimated at A$3.238 billion (rounded).
- First time release of a Probable Mineral Reserve of 42.95 million tonnes ("Mt") @ 47% Fe.
- Total capital cost estimated at A$262.7 million including rehabilitation and sustaining capital expense over life-of-mine ("LoM") of A$52.4 million and indirect capital costs of A$49.1 million.

Report on Operations and State of Affairs (Cont'd)

- Total direct operating costs (including overheads but excluding royalties) are estimated at A$2.014 billion (rounded).
- Total project costs (direct and indirect operating costs, capital spend including contingency of A$27 million, and sustaining capital) are estimated at A$2.438 billion (rounded).

On 1 October, 2012, the Company filed a NI43-101 technical report entitled "Technical Report, Macarthur Minerals Limited Pre-Feasibility Study Ularring Hematite Project Western Australia".

2) Expansion of Iron Ore Export Facilities at the Port of Esperance

On January 31, 2013 the Western Australian Treasurer, State Minister for Transport; Emergency Services, Hon. Troy Buswell, announced that the State Government accepted an Esperance Port Authority ("EPSL") board recommendation to start a procurement process to identify a private sector consortium to design, finance, construct and operate a multi-user iron ore facility ("MUIOF") at the Port of Esperance ("Port") for an additional 10 – 12 Mtpa. Currently the Port has an operating licence for 11.5 Mtpa.

EPSL has adopted an approach to procurement which has commenced with the Registration of Interest and Prequalification ("ROIP") of potential proponents to identify companies and consortia with the experience and financial capability to undertake the project. The Company has registered its interest as a miner in the ROIP. On June 11, 2013 EPSL announced that two consortia that registered an interest in participating in a Request for Proposal phase ("RFP") have been shortlisted to to prepare their bids, to finance, design, build and operate the MUIOF at the Port.. The two consortia are: Qube Pty Ltd and Brookfield Infrastructure (Australia) Pty Ltd; and Yilgarn Esperance Solution consortium (which comprises of McConnell Dowell Constructors (Aust) Pty Ltd, Asciano and Marubeni Corporation Ltd).

The RFP is planned to be completed by the third quarter in 2013 after which the preferred proponent will be appointed. Following completion of this process, construction of the MUIOF is planned to commence in early 2014 and be completed by early 2015.

On August 8, 2012 Macarthur entered Capacity Reservation Deed with EPSL for 2 Mtpa capacity at the Port and participated in the market sounding exercise. Macarthur's proposed mining and export of its hematite product is planned to coincide with the completion of the MUIOF.

i. Development Activities since the year ended 31 March, 2013

1) General Development Activities

The Company is undertaking the following development activities:

- Transport and logistics studies for the road and rail components of the Ularring Hematite Project.
- Identification of parties for contracting the following services;
  - mining;
  - process beneficiation;
  - transport and logistics activities; and
  - on-site infrastructure, such as camp and power generation facilities.
- Securing financing for the construction of the Ularring Hematite Project and associated beneficiation, transport and logistics infrastructure.
- Commencement of stage 1 bulk test work program to develop a sinter test and marketing products for assessment by potential iron ore off-take partners.

Report on Operations and State of Affairs (Cont'd)

C. Environmental Activities

Maintaining our social license to operate is critical for the Company leading to development of the Macarthur Iron Ore Projects. Some of the risks to the Company's social license include compliance with environmental legislation and licenses, impact on the community, and relations with indigenous groups with a connection to the area. To manage these risks the Company has developed environmental procedures that represent industry best practice and meet our regulatory requirements. To this end, there have been no environmental breaches of license conditions for exploration activities. The environmental team has dedicated considerable effort to the rehabilitation of drill sites as early as possible and prior to the expiry of the permits.

i. Environmental Activities during the year ended 31 March, 2013

Environmental Impact Assessment work throughout the past year has included completion of a population assessment of the federally classified threatened species, the Malleefowl; soil characterisation studies for waste landform design, habitat assessments for troglofauna and stygofauna; vegetation mapping; and priority flora mapping.

These studies have been utilised in submissions to the WA Environmental Protection Authority and the Commonwealth Department of Sustainability, Population, Water and Communities (for mining approval under the *Environmental Protection Act 1986* ("EP Act") and the *Environmental and Biodiversity Conservation Act 1999* ("EPBC Act"). Macarthur has received approval under the EPBC Act and the project is in the current stage of assessment under the EP Act.

Site recording of archaeological sites continued throughout the year with a submission to the Department of Indigenous Affairs to undertake excavation of sites under s16 of the *Aboriginal Heritage Act 1972*.

ii. Environmental Activities since the year ended 31 March, 2013

On 16 May, 2013 the Chairman of the Environmental Protection Authority has recommended that the Ularring Hematite Project may be implemented and the Office of the Environmental Protection Authority has issued draft conditions for the Ularring Hematite Project which are expected to be endorsed by the Minister for Environment by mid-June 2013.

A Project Management Plan is also in development and is expected to be submitted to the Resources Safety division of the Department of Mines and Petroleum ("DMP") in the second quarter of 2013.

Preliminary exploration work targeting suitable road-building materials commenced in April 2013 for development of a private haul road.

Report on Operations and State of Affairs (Cont'd)

MOONSHINE MAGNETITE PROJECT

A. Exploration Activities

i. Exploration Activities during the year ended 31 March, 2013

On 15 December, 2010 the Company announced that the Moonshine Magnetite Project Inferred Resource estimate had increased from 511 Mt at 27.8% Fe to 710 Mt at 30.6% Fe, resulting in a total Inferred Resource estimate for magnetite for the Moonshine Magnetite Project of 1,316 Mt at 30.1% Fe (NI43-101 Technical Report filed March 25, 2011).

Table 3 - Moonshine Magnetite Project Mineral Inferred Resource Estimate as at December 2010 at a 15% Davis Tube Recovery ("DTR") cut-off.

	INFERRED	
Deposit	**Tonnes (Mt)**	**Fe %**
Snark	75	27.7
Clark Hill North	130	25.8
Sandalwood	335	31.1
Clark Hill South	66	30.3
Moonshine	710	30.6
Total	**1,316**	**30.1**

Note: *Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.*

During 2011, 28 RC holes were completed for 7,082.9 m. In addition one diamond hole was drilled for 218 m, including 158 m of RC pre-collar.

Samples from all the RC holes were submitted for DTR analysis. All the results have been incorporated in a new geological model for the Moonshine Magnetite Project. A new resource estimate based on this model is in preparation.

In 2012 Macarthur received a State Government of Western Australia Exploration Incentive Scheme ("EIS") grant of $150,000 for its Moonshine Magnetite Project drilling program. The EIS is a co-funded government-industry drilling program designed to support drilling activities, to potentially lead to new discoveries. Drilling commenced in November 2012 with three holes to test high grade magnetite mineralization at the Moonshine deposit. Two holes were completed and one was abandoned due to drilling difficulties, for a total of 632.8 m. The holes have been logged and samples have been analysed. The Company will supply the drill results to the Department of Mines and Petroleum for collation and eventual release to the public record.

ii. Exploration Activities since the year ended 31 March, 2013

New resource models have been completed for all of the magnetite deposits that make up the Moonshine Magnetite Project. These are presently being reviewed and mineral resource estimations are being undertaken.

Report on Operations and State of Affairs (Cont'd)

B. Development Activities

There have been no significant Moonshine Magnetite Project development activities during and since the year ended 31 March, 2013, although the Company continues to seek a 'farm-in' partner for the development of the Moonshine Magnetite Project.

GOLD AND NICKEL EXPLORATION

On 22 January, 2013 the Company announced that in Q1-Q2 2013 the Company will undertake preliminary evaluation of the nickel and gold potential of the existing Macarthur tenements. Prior to Macarthur's involvement with these tenements there were two (2) previous periods of limited exploration activity. The area was briefly explored for nickel during the late 1960s nickel boom and was then explored by several companies for gold in the mid 1990s. At these times only very limited shallow drilling was undertaken.

Combined with the available historical data, new geological, geophysical and geochemical data obtained during Macarthur's extensive geological investigation of the BIF (2007 – 2013) has continued to indicate that there is strong potential for nickel sulphide and gold mineralization within the extensive ultramafic rock package hosting the BIFs. A preliminary soil sampling program has commenced, with a total of 1,759 soil samples. During February 2013, four (4) RC holes for a total of 1,050 m were drilled for nickel. The nickel holes are planned to be used for EM downhole surveys in four (4) strategic areas. These areas have been identified as showing elevated nickel values in historic soil sampling.

EXPANSION AND ACQUISITION OF TENEMENTS

At 31 March, 2013 the Company held and/or managed 49 contiguous exploration and mining tenements covering a total area of approximately 1,234 km^2. This consisted of 27 Exploration Licences, five (5) Prospecting Licences and 17 Mining Leases. The Company also holds 3 Miscellaneous Licences, covering 36.7 km^2, for haul roads and other infrastructure, which do not have associated expenditure commitments. The Company maintains an option to acquire Exploration Licence E30/317, with an area of 28.5 km^2, pursuant to an option agreement dated 16 June, 2011.

Seven new tenements were granted to the Company during the year; Mining Lease M30/050 and M30/0251 and Exploration Licences E77/1969, E30/443, E30/447 and E30/448. M30/0251 covers most of the Central deposit. E30/433 provides continuity between existing tenements E77/1969 and E30/0404. E30/444, E30/448 and E30/407 extend the strike extent of the Yerilgee greenstone belt to the south of the tenement package.

Since the end of the year, the Company has been granted two prospecting tenements, P30/1095, P30/1096 and a Mining Lease M30/252. As at 26 June, 2013, the Macarthur Iron Ore Project area covers approximately 1,226 km^2.

Report on Corporate Activities

Corporate Activities during the year ended 31 March, 2013

(i) Appointment of Mr Jeffrey Wall, CBE as director

Mr Wall, CBE was appointed director on 15 June, 2012. Mr Wall, CBE serves as a member of the Company's Audit Committee.

(ii) Appointment of Mr Richard Patricio as director

Mr Patricio was appointed director on 18 September, 2012. Mr Patricio is Vice President Legal and Corporate Affairs at Pinetree Capital Ltd, which is Macarthur's largest shareholder. Mr Patricio serves as a member of the Company's Remuneration and Nomination Committee.

Report on Corporate Activities (Cont'd)

(iii) Issue of Options

On 22 January, 2013 the Company granted 100,000 incentive options under the Consultant Share Compensation Plan to Investor Cubed Inc. as part of their consulting contract to provide investor relations and shareholder communications and services. The options will vest bi-monthly in three tranches as follows:

a. the first 33,300 options vesting on 22 March, 2013, with an exercise price of CAD$0.65 per common share;
b. the second 33,300 options vesting on 22 May, 2013, with an exercise price of CAD$0.75 per common share; and
c. the final 33,400 options vesting on 22 July, 2013, with an exercise price of CAD$0.85 per common share.

The options have a term of three years from the grant date however, in the event of early termination or expiry of the consulting contract, all unvested Options will immediately be cancelled and all vested options must be exercised within 30 days after the date of termination or expiry.

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

In July 2012, the Company was served with proceedings in the Supreme Court of Queensland commenced by LPD Holdings (Aust) Pty Ltd ("LPD") and Mayson Associates Limited ("Mayson") (the "July Proceedings") in which the Company was named as a respondent. The other respondents to the Proceedings were certain directors and officers of the Company ("Respondent Officers") and Jaldale Pty Ltd.

On 21 November, 2012 the Supreme Court of Queensland heard applications to strike-out the July Proceedings by the Company and the Respondent Officers. The Court ordered, among other things, that the July Proceedings be dismissed due to what the Court described as a "fatal defect", namely that neither LPD nor Mayson were registered shareholders of the Company at the date the July Proceedings were commenced (LPD was only a beneficial shareholder and Mayson was not a shareholder at all). The Court subsequently ordered that LPD and Mayson pay the Company and the Respondent Officers costs of, and incidental to, the July Proceeding on the indemnity basis.

LPD and Mayson have obtained leave to appeal against the indemnity costs order against them and the hearing of their appeal has been set down for 29 July, 2013.

After commencing the July Proceedings, LPD re-registered as a shareholder of the Company and the Company was served with new proceedings commenced by LPD on 20 November, 2012 (the "New Proceedings"). LPD subsequently amended its Originating Application and served its Statement of Claim in respect of the New Proceedings on 6 December, 2012. The New Proceedings are similar to the July Proceedings but do differ in some material respects. In particular, the claims against Jaldale Pty Ltd and the officers of the Company, COO and CFO/Company Secretary, have been dropped and certain grounds for relief have also been abandoned. In addition, Mayson is not an applicant in the New Proceedings.

The Company is of the view that, as with the July Proceedings, the New Proceedings are without merit. The Company is vigorously defending the New Proceedings.

LPD has provided security for costs in the July Proceedings, the New Proceedings and in the appeal against the indemnity costs order.

Report on Corporate Activities (Cont'd)

In February 2013, the Company and the remaining respondent directors filed strike-out applications in the New Proceedings. The respondent directors sought to strike-out the proceedings against them on the basis that LPD's pleadings do not disclose a reasonable cause of action against them and that they are not necessary parties to the New Proceedings. The Company sought to strike-out certain allegations made in LPD's pleadings in the New Proceedings on the basis that the allegations are not properly particularised, do not disclose a reasonable cause of action, are irrelevant and embarrassing and/or are an abuse of process. Those strike-out applications were heard on April 26, 2013. The parties are now waiting for the Court's judgment.

LPD previously commenced proceedings in the Supreme Court of Queensland on 16 July, 2010 for inspection of books and records of the Company and its subsidiary Macarthur Iron Ore Pty Ltd (previously named Internickel Australia Pty Ltd). Those proceedings were settled by mutual agreement on 18 May, 2011.

Corporate Activities since the year ended 31 March, 2013

a) Tracker Resources Pty Ltd

On 10 May, 2013 the Company resolved to voluntarily deregister Tracker Resources Pty Ltd ("Tracker") (the Company's 100% owned subsidiary). Tracker was inactive, was not carrying on any business, and had no assets and no liabilities. In compliance with s601AA of the Corporations Act 2001, Tracker applied for voluntary deregistration with ASIC for approval. It is expected that this approval will be made in approximately 2 months.

b) Hatches Nominees Pty Ltd

On 10 May, 2013, the members of Hatches Nominees Pty Ltd (MIO's 100% owned subsidiary) resolved to change its name to Macarthur Midway Pty Ltd to more appropriately reflect its business and the name of its parent entity, Macarthur Minerals Limited.

c) Option E30/317

The Company's option over E30/317, under an Option Agreement entered into 16 June, 2011, has been extended for a further 12 months until 16 June, 2014. The Company is required to keep the Tenement in good standing and the option fee remains the same at $10,000,000.

Likely future developments and expected results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental Regulations

The Group currently conducts exploration and development activities in Australia. The Group's operations are subject to significant environmental regulation under the law of the Commonwealth and the State of Western Australia. During the year the Group met all reporting requirements under the relevant legislation. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Environmental Regulations (cont'd)

There is no assurance that regulatory and environmental approvals will be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or to preclude entirely the economic development of a property. Environmental hazards may exist on the properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties. The Company is currently engaged in exploration and development with minimal environmental impact. The Company aims to ensure a high standard of environmental care is achieved, and as a minimum, to comply with relevant environmental regulations. There have been no known material breaches of any of the environmental conditions.

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 (CAD$)	Number under option
31.07.2009	31.07.2014	1.00	100,000
10.06.2011	09.06.2014	3.60	225,000
20.12.2011	22.12.2014	2.00	295,000
22.01.2013	22.01.2016	0.65	33,300
22.01.2013	22.01.2016	0.75	33,300
22.01.2013	22.01.2016	0.85	33,400
			720,000

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

Shares issued on the exercise of options

No ordinary shares of the Company were issued during the year ended 31 March, 2013 on the exercise of options granted under the Company's Share Compensation Plan.

Since year end and up to the date of this report no ordinary shares of the Company were issued on the exercise of options granted under the Company's Share Compensation Plan.

Shares under Warrant

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

	Date Warrant Granted	Expiry Date	Issue Price of Shares (CAD$)	Number under warrant
(i)	22.02.2012	23.02.2014	3.60	250,000
				250,000

(i) 250,000 warrants were issued on 22 February, 2012 in connection with the contract entered into with Macquarie, which entitles the holder to acquire one ordinary share for each warrant at a price of CAD$3.60 for a period of two years.

In the event that the closing sale price of the Company's common shares on the TSX is greater than CAD$6.00 per share for a period of 20 consecutive trading days at any time after closing of the placement, the Company may accelerate the expiry date of those warrants by giving notice to the holders thereof and in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company.

Shares issued on the exercise of warrants

No ordinary shares of the Company were issued during the year ended 31 March, 2013 on the exercise of warrants.

Since year end and up to the date of this report no ordinary shares of the Company were issued on the exercise of warrants granted.

Information on Directors

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

Director	Particulars of directors' interests in shares, options and warrants of the Company		
	Ordinary Shares	Options	Warrants
A S Phillips	-	-	-
S Hickey	543,700	100,000	-
J Toigo	-	-	-
J Starink	-	-	-
J Wall, CBE	-	-	-
R Patricio	4,900	-	-

Meeting of Directors

The number of meetings of the Company's board of directors held during the year ended 31 March, 2013, and the number of meetings attended by each director were:

	Number of Board Meetings Attended	Number Eligible
A S Phillips	13	13
S Hickey	13	13
J Toigo	13	13
J Starink	13	13
J Wall, CBE (appointed 15 June, 2012)	9	9
R Patricio (appointed 18 September, 2012)	5	5

The number of meetings of the Company's Audit Committee held during the year ended 31 March, 2013, and the number of meetings attended by each member were:

	Number of Audit Committee Meetings Attended	Number Eligible
S Hickey Chairman of Audit Committee	5	5
A S Phillips (resigned on 15 June, 2012)	-	-
J Toigo	5	5
J Wall, CBE (appointed 15 June, 2012)	5	5

Meeting of Directors (cont'd)

The number of meetings of the Company's Remuneration and Nomination Committee ("R&N Committee") held during the year ended 31 March, 2013, and the number of meetings attended by each member were:

	Number of R&N Committee Meetings Attended	Number Eligible
J Toigo, Chairman of R&N Committee	3	3
S Hickey	3	3
J Starink (resigned from R&N Committee 7 November, 2012)	2	2
J Wall, CBE (appointed 15 June, 2012 and resigned on 7 November, 2012)	2	2
R Patricio (appointed to R&N Committee 7 November, 2012)	1	1

Insurance and Indemnification of Officers

Insurance Premiums

During the financial year, the Company paid premiums of $46,877 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, Joe Phillips, the COO and David Taplin, the CFO & Company Secretary to the maximum extent permitted by law, against any liability for legal costs incurred in respect of a liability incurred by them, as or 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 the action against them (subject to certain restrictions, including restrictions contained in the *Corporations Act 2001* (Cth)). The respondent directors have made a claim 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 $52,409.50 to cover indemnity costs not covered under the Company's D&O Insurance policy.

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)*.

Non-audit Services

Details of non-audit services are found in Note 23 of the Financial Statements.

A copy of the Crowe Horwath Melbourne's independence declaration is required under section 307C of the *Corporations Act 2001(Cth)* and is set out on page 18.

Auditor

Crowe Horwath Melbourne continues in office in accordance with section 327B of the *Corporations Act 2001 (Cth).*

Signed in accordance with a resolution of directors.

Alan Phillips
Director

Brisbane
26 June, 2013

Crowe Horwath

Auditor's Independence Declaration Under S 307C of the Corporations Act 2001 to the Directors of Macarthur Minerals Limited and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2013, there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
ii. no contraventions of any applicable code of professional conduct in relation to the audit.

CROWE HORWATH MELBOURNE

Anne Lockwood

Anne Lockwood
Partner
Melbourne VIC 3000

Dated: 1 July 2013

Financial Report - 31 March, 2013

Contents

This financial report covers the consolidated financial statements for the consolidated entity consisting of Macarthur Minerals Limited (the "Company") and its subsidiaries (referred to hereafter as the Group or consolidated entity). The financial report is presented in the Australian currency unless stated otherwise.

The financial report was authorised for issue by the directors on 26 June, 2013. The directors have the power to amend and reissue the financial report.

Statement of Comprehensive Loss
For the year ended 31 March, 2013

	Notes	Consolidated 2013 $	Consolidated 2012 $
EXPENSES			
Depreciation	6(a)	**(280,949)**	(205,132)
Impairment expense		**(20,312)**	-
Investor relations		**(192,729)**	(158,394)
Office and general expense		**(458,206)**	(478,533)
Personnel costs	6(b)	**(1,949,194)**	(1,732,993)
Professional fees	6(c)	**(1,530,542)**	(1,169,880)
Rent		**(127,018)**	(119,872)
Share based compensation	6(b)	**(50,053)**	(290,557)
Share Registry, filing and listing fees		**(140,190)**	(342,902)
Travel and accommodation		**(252,341)**	(263,376)
Total administrative expenses		**(5,001,534)**	(4,761,639)
REVENUE			
Interest Income	6(d)	**939,410**	2,195,673
Net loss before income tax		**(4,062,124)**	(2,565,966)
Income tax expense	7	**-**	-
Net loss for the year		**(4,062,124)**	(2,565,966)
Other comprehensive income for the year, net of tax	-	**-**	-
Total comprehensive income/(loss) for the year from continuing operations		**(4,062,124)**	(2,565,966)
Basic loss per ordinary share	8	**(0.09)**	(0.06)
Diluted loss per ordinary share	8	**(0.09)**	(0.06)

The accompanying notes form part of these financial statements.

Statement of Financial Position
As at 31 March, 2013

	Notes	Consolidated 2013 $	2012 $
ASSETS			
Current assets			
Cash and cash equivalents	9	**10,673,169**	26,589,704
Other receivables	10	**221,318**	505,610
Security deposits and prepayments	11	**479,356**	416,799
Total Current Assets		**11,373,843**	27,512,113
Non-current Assets			
Property, plant and equipment	12	**992,788**	1,100,915
Exploration and evaluation assets	13	**55,322,316**	44,361,835
Total Non-current Assets		**56,315,104**	45,462,750
TOTAL ASSETS		**67,688,947**	72,974,863
LIABILITIES			
Current liabilities			
Trade and other payables	14	**991,887**	2,310,612
Employee benefits	15	**170,838**	80,033
Financial Liabilities	16	**47,328**	108,180
Total Current Liabilities		**1,210,053**	2,498,825
Non-current Liabilities			
Employee benefits	15	**2,553**	928
Financial Liabilities	16	**49,564**	36,262
Total Non-current Liabilities		**52,117**	37,190
TOTAL LIABILITIES		**1,262,170**	2,536,015
NET ASSETS		**66,426,777**	70,438,848
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	17(a)	**87,483,365**	87,483,365
Accumulated losses		**(31,246,686)**	(27,184,562)
Reserves	17(b)	**10,190,098**	10,140,045
Parent interests		**66,426,777**	70,438,848
Non-controlling interests			-
TOTAL EQUITY		**66,426,777**	70,438,848

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the year ended 31 March, 2013

Consolidated	Contributed Equity	Reserves	Accumulated Losses	Total	Non-controlling Interests	Total Equity
	$	$	$	$	$	$
Balance 1 April, 2011	87,505,331	9,663,490	(24,618,596)	72,550,225	-	72,550,225
Profit (Loss) for the year	-	-	(2,565,966)	(2,565,966)	-	(2,565,966)
Total other comprehensive income for the year	-	-	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-	-	-
Share- based compensation	-	290,557	-	290,557	-	290,557
Contributions for options exercised	164,032	-	-	164,032	-	164,032
Allocation of fair value on exercise of options	95,900	(95,900)	-	-	-	-
Re-transfer of prior year lapsed options [1]	(281,898)	281,898	-	-	-	-
Share-based payment transactions	-	-	-	-	-	-
	(21,966)	476,555	(2,565,966)	(2,111,377)	-	(2,111,377)
Balance at 31 March, 2012	**87,483,365**	**10,140,045**	**(27,184,562)**	**70,438,848**	**-**	**70,438,848**

[1] The fair value of lapsed options was transferred from contributed equity to reserves as per the Company's accounting policy.

Consolidated	Contributed Equity	Reserves	Accumulated Losses	Total	Non-controlling Interests	Total Equity
	$	$	$	$	$	$
Balance 1 April, 2012	87,483,365	10,140,045	(27,184,562)	70,438,848	-	70,438,848
Profit (Loss) for the year	-	-	(4,062,124)	(4,062,124)	-	(4,062,124)
Total other comprehensive income for the year	-	-	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-	-	-
Share- based compensation	-	50,053	-	50,053	-	50,053
Share-based payment transactions	-	-	-	-	-	-
	-	50,053	(4,062,124)	(4,012,071)	-	(4,012,071)
Balance at 31 March, 2013	**87,483,365**	**10,190,098**	**(31,246,686)**	**66,426,777**	**-**	**66,426,777**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the year ended 31 March, 2013

	Notes	Consolidated 2013 $	2012 $
Cash flows from operating activities			
Payments to suppliers and employees		**(4,448,655)**	(4,096,955)
Interest received		**843,794**	2,025,228
Interest paid		**(5,315)**	(12,448)
Transfer from/(to) security deposits		**(69,000)**	(68,503)
Net cash flows used in operating activities	9(b)	**(3,679,176)**	(2,152,678)
Cash flows from investing activities			
Plant and equipment purchases		**(179,138)**	(984,475)
Plant and equipment proceeds		**-**	14,500
Exploration and evaluation additions		**(12,010,671)**	(19,194,171)
Net cash flows used in investing activities		**(12,189,809)**	(20,164,146)
Cash flows from financing activities			
Proceeds from share issues		**-**	164,032
Share issue and placement costs		**-**	-
Receipt/(Repayment) of borrowings		**(47,550)**	(42,015)
Proceeds from/(payments to) related parties		**-**	-
Net cash flows from financing activities		**(47,550)**	122,017
Net decrease/increase in cash and cash equivalents		**(15,916,535)**	(22,194,807)
Cash and cash equivalents at beginning of period		**26,589,704**	48,784,511
Cash and cash equivalents at end of period	9(a)	**10,673,169**	26,589,704

The accompanying notes form part of these financial statements.

Note 1: Nature and Continuance of Operations

Macarthur is an Australian public company listed in Canada on the Toronto Stock Exchange (symbol: MMS) and the OTC Market Place, OTCQX International (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"), and its subsidiary Macarthur Midway Pty Ltd (formerly Hatches Nominees Pty Ltd). The Company also has an inactive subsidiary, Tracker Resources Pty Ltd (see Note 25(d)).

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

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

Note 2: Summary of Significant Accounting Policies

Material financial accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the consolidated entity consisting of Macarthur Minerals Limited and its subsidiaries. Refer to Note 22 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 separate financial statements of the parent entity have not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001 (Cth)* effective as at 28 June, 2010.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

b) Going concern

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

The Company's continuing operations are dependent upon its ability to raise either additional equity capital, project financing or generate cash flow from operations in the future, which is not assured. The Preliminary Feasibility Study ("PFS") details direct capital expenditure (upfront) of $161M for the Ularring Hematite Project and the Preliminary Economic Assessment ("PEA") details $2.27Bn direct capital expenditure for the Moonshine Magnetite Project.

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

The Company's cash and cash equivalent position at reporting date is $10,673,169 and $407,104 as security deposits for environmental bonds and office leases. The Company believes these funds will enable it to meet its obligations and commitments for the foreseeable future.

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

c) Principles of consolidation

(i) Subsidiaries

The consolidated financial report incorporates the assets, liabilities and results of all subsidiaries controlled by the Company as at 31 March 2013, refer to Note 22 for details on subsidiaries.

A controlled entity is any entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(ii) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for as at the acquisition date, which is the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) are recognised.

All acquisition-related costs are expensed as incurred to the statement of comprehensive income.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase.

d) Mineral exploration, evaluation and development properties

The Company is currently in the exploration and evaluation stage of its Macarthur Iron Ore Projects and applies the following policies.

(i) Exploration and evaluation properties

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

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

d) Mineral exploration, evaluation and development properties (cont'd)

(i) Exploration and evaluation properties (cont'd)

- 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, or in relation to, the areas are continuing.

Exploration and evaluation expenditure which no longer satisfies the above policy are impaired and expensed to the Statement of Comprehensive Loss. Exploration and evaluation expenditure for each area of interest or mineral resource is carried forward, but only to the extent to which its recoupment out of revenue to be derived from the relevant area of interest or mineral resource, or from sale of that area of interest, is reasonably assured.

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). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

(ii) Development properties

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

Expenditures related to construction are capitalized as mines under construction.

(iii) Mines properties, plant and equipment

When the Company transitions from the development stage to the production stage, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Upon completion of mine construction, the assets are transferred into properties, plant and equipment or mine properties. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets, borrowing costs.

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

d) Mineral exploration, evaluation and development properties (cont'd)

(iii) *Mines properties, plant and equipment (cont'd)*

Items of property, plant and equipment and mine properties are stated at cost, less accumulated depreciation and accumulated impairment losses.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off firstly against any existing provision for that expenditure, with any remaining balance being charged to earnings.

e) Property, plant and equipment

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

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

Depreciation in assets is calculated as follows:

Plant & Equipment	10% to 25% Prime Cost Method
	15% to 18.75% Diminishing Value Method
Office Equipment	20% to 100% Prime Cost Method
	15% to 40% Diminishing Value Method
Motor Vehicles	22.5% to 25% Diminishing Value Method

The asset's residual values and useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Impairment losses are recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 2(g) for details of impairment).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is the Company's policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

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

f) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

g) Financial Instruments

(i) Recognition

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

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

The Company recognises its investments in the following categories: loans and receivables. The recognition depends on the purpose for which the investments were acquired. Management determines the recognition of its investments at initial recognition.

(ii) Subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

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

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

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

g) Financial Instruments (cont'd)

(iii) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arrive.

(iv) Loans and receivables

Loans and receivables are carried at amortised cost using the effective interest method.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturity greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

The Company's receivables primarily consist of interest revenue and goods and services tax receivable from the Government.

(v) Financial liabilities

Financial liabilities are initially recognised at fair value, less directly attributable transaction costs. Financial liabilities are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

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

(vi) Fair value estimation

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

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

(vii) Impairment

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

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

g) Financial Instruments (cont'd)

(viii) De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of comprehensive income.

h) Cash and cash equivalents

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

i) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards ("IAS") 21, The Effects of Changes in Foreign Exchange Rates.

Transactions and balances

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

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the statement of comprehensive income as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

j) Segment Reporting

The chief operating decision-maker has been identified as the Chief Executive Officer of the Company. The Company has identified one reportable segment (the exploration, mine development and extraction of iron ore). All such concessions and substantially all the capital assets of the Company are situated in the one geographic area in southern Western Australia (known as the Macarthur Iron Ore Projects) as at the reporting date.

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

k) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The balance is recognised as a current liability, amounts are unsecured and are usually paid within 30 days of recognition of the liability.

l) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised 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.

Capitalised 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 Group will obtain ownership by the end of the lease term.

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

m) Provisions

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

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

n) Employee benefits

(i) Wages and salaries, annual leave and superannuation

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

(ii) Other long term employee benefits

The liability for long service leave is recognised as Non-Current Employee Benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

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

n) Employee benefits (cont'd)

(iii) Share based compensation

Share based compensation benefits are provided to employees, directors, officers and consultants via the Company's Employee Share Compensation Plan and Consultant Share Compensation Plan ("Share Compensation Plans"). The Company is authorised to grant options, award equity restricted share units or bonus shares or issue common shares pursuant to the Share Compensation Plans, refer to Note 19.

The fair value of stock options and equity settled share units awarded under the Company's Share Compensation Plans are measured and expensed as share based compensation expense at grant date if they are fully vested upon granting otherwise the fair value is expensed over the vesting period. A corresponding amount is recorded to reserves.

The fair value of options at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the expected life of the option, the share price at grant date, expected price volatility of the underlying share, expected dividend yield and the risk free interest rate for the term of the option and estimated forfeitures.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The entity revises its estimate of the number of options that are expected to vest, at each reporting date. The share based compensation expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to reserves.

If share purchase options are exercised then the fair value of the options is re-classified from reserves to contributed equity.

(iv) Cash based Restricted Share Units ("Cash Based RSUs")

The Company's Chief Executive Officer, Chief Operating Officer and Chief Financial Officer and Company Secretary are eligible to participate in the Company's cash based Restricted Share Unit Plan ("RSU Plan") which entitles them to receive Cash Based RSUs. Cash Based RSUs vest on achievement of certain performance criteria within agreed dates as detailed in the agreements and plan and are approved by the Remuneration and Nomination Committee.

Cash Based RSUs granted are recognised as a compensation expense as they vest and are marked to market. The cost of the Cash Based RSUs on their vesting date 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 and a corresponding compensation expense is recognised to the profit and loss.

o) Provision for closure and restoration

An obligation to incur closure and restoration costs arises with the retirement of tangible long-lived assets that the Company is required to settle. Such costs arising from the decommissioning of plant, mines 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 mine operates.

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

o) Provision for closure and restoration (cont'd)

The provision is recognised when the Group 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. Future restoration and closure costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the reporting period.

The provision is measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

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

p) Goods and services tax

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

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

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

q) Income tax

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

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. 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 recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

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

q) Income tax (cont'd)

(i) Deferred Tax Balances

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

(ii) Tax consolidation legislation

The Company and its wholly-owned Australian resident entities are part of a tax consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Macarthur Minerals Limited.

(iii) Mineral Resource Rent Tax

The Australian Government passed legislation on 19 March 2012 for the Mineral Resource Rent Tax ("MRRT") which applies to coal and iron ore projects and was implemented from 1 July, 2012.

The MRRT will broadly tax the profits at the run of mine stock pile of over $75 million per annum at an effective rate to 22.5%. Deductible expenditure will include a starting base allowance on the value of the mine assets relating to the extraction of resources at May 2, 2010 plus certain expenditure on such assets between May 2, 2010 and July 1, 2012, depreciated over the life of the mine. Royalties paid to the State will be creditable for MRRT purposes, and MRRT payments will be deductible for company income tax returns.

MRRT is considered, for accounting purposes, to be a tax based on profits at the run of mine stockpile. The MRRT will not apply to the Company until it has commenced production of iron ore and generated MRRT assessable profits of over $75 million after taking into account inbuilt allowances. Current and deferred MRRT expense will be measured and disclosed on the same basis as income tax.

r) Contributed equity

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

s) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Potential ordinary shares are treated as dilutive if their exercise price exceeds the average market price of ordinary shares during the period. However where their conversion would decrease the loss per share from continuing operations, then this calculation is treated as anti-dilutive.

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

t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances, rebates and taxes. All revenue is stated net of GST.

The Company recognises revenue when the amount of revenue can be readily measured, it is probable that future economic benefit will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

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

u) Critical accounting estimates

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

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

(i) Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The Groups tenements are held in Western Australia's Yilgarn Region and are all geographically connected. As such the directors have determined that all tenements belong to one determined area of interest. As such the carrying value of the exploration and evaluations expenditure and any potential impairments are considered across all tenements as one area of interest. Refer to note 13 and 25 for further information. The directors are of the continued belief that such exploration and evaluation expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $55,322,316. The PFS for the Ularring Hematite Project and the PEA for the Moonshine Magnetite Project, which are independent expert reports were announced in August 2012 and February 2011 respectively and contained positive project evaluations.

The most sensitive inputs in the Ularring Hematite Project's PFS were:

- Long term iron ore price of USD $99/t FOB
- Long term AUD/USD exchange rate of 0.84
- Transport costs of AUD $46.58 /FOB t
- Mining costs of AUD$16.11 / FOB t
- Potential ore mining rate of 2 Mt per annum
- Project life of 13 years

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

u) Critical accounting estimates (cont'd)

(j) Share-based payment transactions

The Group measures the costs of equity-settled transactions with directors, officers, employees and consultants by reference to the fair values of the equity instrument. The fair value of equity-settled transactions is determined using the Black-Scholes options-pricing 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 options, and the estimated forfeiture rate for market based vesting conditions. During the reporting period the amount of $50,053 has been shown as stock based compensation expenditure in the statement of comprehensive income.

(i) Deferred tax assets

The Company considers whether the realisation of deferred tax assets is probable in determining whether or not to recognise these deferred tax assets.

v) Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards had no material impact on the recognition, measurement and disclosure of certain transactions.

w) Early Adoption of Accounting Standards

The Group has not elected to early adopt any new or revised Australian Accounting Standards and Interpretations during the year ended March 31, 2013.

x) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for annual reporting periods beginning on or after 1 January, 2013. The Group has decided against early adoption of these standards.

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

- AASB 9: Financial Instruments includes revised requirements for the classification and measurement, and recognition and de-recognition, of financial instruments. AASB 9 allows an entity the option to recognise financial liabilities at fair value through the income statement. If this option is elected, entities would be required to reverse the portion of the fair value change due to their own credit out of earnings and recognise the change in other comprehensive income. AASB 9 is effective from 1 January, 2015. Early adoption is permitted and the standard is applied retrospectively.

- AASB 12: Disclosure of Interests in Other Entities includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. AASB 112 introduces new disclosures about the judgments made by management to determine whether control exists, and to summary information on arrangements with non-controlling interests. AASB 112 is effective from 1 January, 2013.

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

x) New Accounting Standards for Application in Future Periods (cont'd)

- AASB 13: Fair Value Measurement establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted by other Standards. AASB 13 also expands the disclosure requirements on the assumptions used to determine fair value. AASB 13 is effective from 1 January, 2013.

Note 3: 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	**2013 $**	**2012 $**
ASSETS		
Current Assets	**10,510,864**	26,683,593
Total Assets	**61,709,692**	65,451,153
LIABILITIES		
Current Liabilities	**446,846**	521,331
Total Liabilities	**449,399**	522,259
EQUITY		
Issued Capital	**87,483,365**	87,483,365
Retained Earnings	**(29,098,281)**	(25,379,627)
Reserves		
Foreign Exchange Translation Reserve	**258,972**	258,972
Option reserve	**2,616,237**	2,566,184
TOTAL EQUITY	**61,260,293**	64,928,894
STATEMENT OF COMPREHENSIVE INCOME		
Profit/(loss) for the year	**(3,718,654)**	(2,254,370)
Total comprehensive income	**(3,718,654)**	(2,254,370)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity, Macarthur Minerals Limited has guaranteed the financial liability of Macarthur Iron Ore (its 100% owned subsidiary) in relation to finance lease payments for four (4) motor vehicles.

Contingent liabilities of the parent entity

Contingent liabilities exist in relation to proceedings involving LPD Holdings (Aust) Pty Ltd ("LPD") and First Strategic Development Corporation Limited (in liquidation) ("FSDC"), the details of which are contained in Note 25.

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

At 31 March, 2013, Macarthur Minerals Limited has not entered into any contractual commitments for the acquisition of property, plant and equipment (2012: Nil).

Note 4: Financial risk management

Financial risk factors

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

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

a) Credit risk

The Group's primary exposure to credit risk is on its cash and cash equivalents and taxes receivable. The Group limits its exposure to credit risk by maintaining its financial liquid assets with high-credit quality financial institutions. Receivables are primarily interest receivable and goods and services tax due from the Australian Taxation Office.

The Group 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 Group's exposure to bad debts is not significant.

Exposure to credit risk

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

	Consolidated Carrying Amount	
	2013	**2012**
	$	**$**
CONSOLIDATED		
Financial assets		
Cash and cash equivalents	**10,673,169**	26,589,704
Other receivables	**221,318**	505,610
Security Deposits	**407,104**	338,104
	11,301,591	27,433,418

The Group's maximum exposure to credit risk at the reporting date was $10,673,169 (2012: $26,589,704) for cash and cash equivalents, $221,318 (2012: $505,610) for other receivables and $407,104 (2012: $338,104) for security deposits.

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

Note 4: Financial risk management (cont'd)

a) Credit risk (cont'd)

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

	Consolidated Carrying Amount	
	2013 $	2012 $
Australia	**542,445**	806,425
Canada	**-**	-
Less impairment of receivables	**(321,127)**	(300,815)
	221,318	505,610

A provision for impairment of $20,312 was recognised at reporting date for outstanding recoveries and $300,815 was previously recognised for project management fees and services invoiced to FSDC in August 2010. FSDC was placed in liquidation on 17 November, 2010. The Group has entered into a funding agreement with the liquidator of FSDC in relation to recovery of the impaired receivable. Refer to Note 25 for further details.

b) Liquidity risk

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

The Group has limited financial resources and there is no assurance that additional funding will be available to allow the Company to acquire, explore and develop mineral properties. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration or development. The Company may, in the future, be unable to meet its obligations under agreements to which it is a party and the Company may consequently have its interest in the properties subject to such agreements jeopardized. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete recommended programs.

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 mineral properties, further acquisitions, undertake exploration and meet general and administrative expenses in the immediate and long term. There can be no assurance that the Company will be successful in raising its required financing.

Apart from the initiatives discussed above, the Company is not aware of any trends, commitments or events that may affect its liquidity in the foreseeable future as it progresses to the development stage. The Company has not made any commitments for capital expenditures. Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of raising additional funds through private placements and its planned future expenditure.

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

Note 4: Financial risk management (cont'd)

b) Liquidity risk (cont'd)

Exposure to liquidity risk

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

As at 31 March 2013	Less than 3 months $	Between 3 months and 1 year $	Between 1 year and 3 years $
Trade Payables	**735,143**	**-**	**-**
Finance Lease Liabilities	**6,590**	**40,738**	**49,564**
As at 31 March 2012			
Trade Payables	1,841,549	-	-
Finance Lease Liabilities	12,187	95,994	36,262

c) Interest rate risk

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

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

	Consolidated Carrying Amount 2013 $	Consolidated Carrying Amount 2012 $
Interest-bearing financial instruments		
Financial assets	**11,003,556**	26,756,928

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 2012.

	Profit or loss		Equity	
	100bp increase $	100bp decrease $	100bp increase $	100bp decrease $
31 March, 2013				
Interest-bearing financial instruments	**110,036**	**(110,036)**	**110,036**	**(110,036)**
31 March, 2012				
Interest-bearing financial instruments	267,569	(267,569)	267,569	(267,569)

Note 4: Financial risk management (cont'd)

d) Foreign currency risk

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

Exposure to currency risk

The Group's exposure to foreign currency risk at balance date was as follows:

	AUD $ 2013	CAD $ 2013	AUD $ 2012	CAD $ 2012
Cash and cash equivalents	**10,596,568**	**76,601**	26,516,510	73,194
Receivables	**221,318**	**-**	505,610	-
Security Deposits	**407,104**	**-**	338,104	-
	11,224,990	**76,601**	27,360,224	73,194
Trade and other payables	**971,871**	**20,016**	2,243,759	66,853
Employee Benefits	**173,391**	**-**	80,961	-
Lease liability	**96,892**	**-**	144,442	-
	1,242,154	**20,016**	2,469,162	66,853
Net exposure	**9,982,836**	**56,585**	24,891,062	6,341

The following significant exchange rates applied during the year:

	Average Rate 2013 $	Average Rate 2012 $	Reporting Date Spot Rate 2013 $	Reporting Date Spot Rate 2012 $
Canadian dollar (CAD$)	**0.9682**	0.9640	**0.9438**	0.9654

Sensitivity analysis

A 10% strengthening of the Australian dollar against the Canadian dollar at 31 March, 2013 on the above net exposure to Canadian cash and trade payables would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012.

	Consolidated Equity $	Consolidated Profit or loss $
31 March, 2013		
CAD$	**(5,340)**	**5,340**
31 March, 2012		
CAD$	(612)	612

A 10% weakening of the Australian dollar against the Canadian dollar at 31 March, 2013 would have had the equal but opposite effect on the Canadian dollars above to the amounts shown above, on the basis that all other variables remain constant.

Note 4: Financial risk management (cont'd)

e) Commodity price risk

The Group'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 Group 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 Company's previously published PFS and PEA and for impairment testing.

Note 5: 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 unissued capital of 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 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 year ended 31 March, 2013. The Company is not subject to externally imposed capital requirements.

Note 6: Revenue and expenses

		Consolidated 2013 $	Consolidated 2012 $
a)	***Depreciation, amortisation and foreign exchange differences included in income statement***		
	Depreciation and amortisation	**280,949**	205,132
b)	***Employee benefits expense***		
	Personnel costs	**1,949,194**	1,732,993
	Share based compensation	**50,053**	290,557
c)	***Professional fees include legal costs for the following matters:***		
	- LPD	**421,080**	193,654
	- FSDC	**395,267**	272,615
	- Malmac	**-**	58,253
d)	***Finance Revenue***		
	Bank interest income	**939,410**	2,195,673

For details on the LPD and FSDC matters refer to Note 25.

Note 7: Income tax

		Consolidated 2013 $	Consolidated 2012 $
a)	***Income tax equivalent expense***		
	Current tax expense	-	-
	Deferred tax expense	-	-
	Income tax expense (credit) attributable to profit (loss) from continuing operations	-	-
b)	***Reconciliation of income tax equivalent expense (credit) to prima facie tax equivalent payable***		
	Profit (loss) from continuing operations before income tax expense	(4,062,124)	(2,565,966)
	Tax at Australian tax rate of 30%	(1,218,637)	(769,790)
	Adjustment for items not deductible in calculating taxable income:		
	Share based payments	15,016	87,167
	Impairment expenses	6,094	-
	Other	6,408	-
	Write off deferred tax amount	-	-
	Income not assessable in current year	-	-
		(1,191,119)	(682,683)
	Income tax losses and temporary differences not carried forward as deferred tax assets	1,191,119	682,683
	Income tax expense (credit) attributable to profit (loss) from continuing operations	-	-

Note 7: Income tax (cont'd)

c) Tax consolidation

The Company and its 100% owned subsidiaries have been part of a tax consolidated group since January 2006. Macarthur Iron Ore was a member of the Group from January 2006 to April 2008, from which date it ceased to be a 100% owned subsidiary. On 1 December, 2009 a buy back was completed and Macarthur Iron Ore again was a 100% owned subsidiary and part of the 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 $
2013			
Tax losses	58,394,386	5,079,868	**63,474,254**
Potential benefit	17,518,315	1,523,960	**19,042,275**
2012			
Tax losses	43,802,826	5,079,868	48,882,694
Potential benefit	13,140,847	1,523,960	14,664,807

Note 8: Earnings per share

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

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

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

	Consolidated 2013 $	 2012 $
Net (loss) for the year	**(4,062,124)**	(2,565,966)
	Number	**Number**
Weighted average number of ordinary shares for basic earnings per share	**44,820,630**	44,748,499
Weighted average number of ordinary shares for diluted earnings per share	**44,820,630**	44,748,499

The Company's outstanding options and warrants that did not have a dilutive effect at 31 March, 2013 were 845,000 options and 589,150 warrants. The exercise price of these options and warrants exceeded the average market price of ordinary shares during the year of CAD$0.46. There were no options or warrants that had a dilutive effect as at 31 March, 2013.

Note 9: Cash and cash equivalents

	Consolidated 2013 $	2012 $
Cash at bank and in hand		
Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates	**1,815,182**	2,533,255
Short term deposits earn interest at negotiated fixed rates	**8,857,987**	24,056,449
	10,673,169	26,589,704

The fair value of cash and cash equivalents is $10,673,169 (2012: $26,589,704)

	Consolidated 2013 $	2012 $
a) Reconciliation of cash		
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 31 March:		
Cash at bank and in hand	**10,673,169**	26,589,704
b) Reconciliation of net loss after income tax to the net cash flows from operations		
Net (Loss)	**(4,062,124)**	(2,565,966)
Adjustments for:		
Asset write-off expense	**642**	16,030
Depreciation and amortisation	**280,949**	205,132
Impairment expense	**20,312**	-
Share based payments	**50,053**	290,557
Changes in Assets and Liabilities		
(Increase)/Decrease in receivables	**229,158**	(8,720)
(Increase)/Decrease in deferred tax assets	**-**	-
(Increase)/Decrease in other operating assets	**(62,557)**	(131,695)
Increase/(Decrease) in payables	**(135,609)**	41,984
Net cash from operating activities	**(3,679,176)**	(2,152,678)

Note 10: Other Receivables

	Consolidated 2013 $	2012 $
Other receivables	**542,445**	806,425
Less: Impairment	**(321,127)**	(300,815)
	221,318	505,610

A provision for impairment of $321,127 was recognised and relates to outstanding cost recoveries of $20,312 at reporting date and $300,815 for project management fees and services invoiced to FSDC in August 2010. FSDC was placed in liquidation on 17 November, 2010. The Group has entered into a funding agreement with the liquidator of FSDC in relation to recovery of the impaired receivable. Refer to Note 25 for further details.

Note 11: Other Assets

	Consolidated 2013 $	Consolidated 2012 $
Prepayments	**72,252**	78,695
Security deposits (i)	**407,104**	338,104
	479,356	416,799

(i) Security deposits of $407,104 (2012: $338,104) are comprised of guarantees in place for the Department of Mines and Petroleum of $227,000 (2012: $158,000) for exploration and mining leases for compliance with environmental conditions, and security deposits of $180,104 (2012: $180,104) for office leasing arrangements.

Note 12: Property, plant and equipment

Consolidated	**Plant & Equipment $**	**Motor Vehicles $**	**Office Equipment $**	**Total $**
Year ended 31 March, 2012				
Opening net book value	100,737	195,045	42,508	338,290
Additions	527,082	303,055	168,040	998,177
Disposals	-	(23,597)	(6,826)	(30,423)
Depreciation charge	(54,728)	(98,475)	(51,926)	(205,129)
Transfer	-	-	-	-
Closing net book amount	573,091	376,028	151,796	1,100,915
At 31 March, 2012				
Cost or fair value	670,671	510,637	229,095	1,410,403
Accumulated depreciation	(97,580)	(134,609)	(77,299)	(309,488)
Net book amount	573,091	376,028	151,796	1,100,915
Year ended 31 March, 2013				
Opening net book value	573,091	376,028	151,796	**1,100,915**
Additions	84,073	-	88,908	**172,981**
Disposals	-	-	(159)	**(159)**
Depreciation charge	(76,533)	(107,907)	(96,509)	**(280,949)**
Transfer	(56,682)	-	56,682	**-**
Closing net book amount	523,949	268,121	200,718	**992,788**
At 31 March, 2013				
Cost or fair value	686,153	510,637	378,368	**1,575,158**
Accumulated depreciation	(162,204)	(242,516)	(177,650)	**(582,370)**
Net book amount	523,949	268,121	200,718	**992,788**

Note 13: Exploration and evaluation assets

	Consolidated 2013 $	Consolidated 2012 $
Costs carried forward in respect of areas of interest in:		
Exploration and/or evaluation	**54,059,326**	43,098,845
Cost		
Balance at beginning of year	**44,361,835**	24,571,026
Acquisition of exploration and evaluation assets	**200,000**	100,000
Disposals of exploration and evaluation assets	**-**	-
Exploration and evaluation assets capitalised	**10,760,481**	19,690,809
Balance at end of year	**55,322,316**	44,361,835

See Note 25 for further details on capitalised exploration and evaluation assets.

Note 14: Trade and other payables

	Consolidated 2013 $	Consolidated 2012 $
Trade creditors	**735,143**	1,841,549
Other creditors and accruals	**256,744**	469,063
	991,887	2,310,612

Note 15: Employee Benefits

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

	Consolidated 2013 $	Consolidated 2012 $
Current		
- Short term employee obligations	**170,838**	80,033
Non-current:		
- Long service leave entitlements	**2,553**	928
	173,391	80,961

The current portion of these liabilities represents the Group's obligations to its current employees that are expected to be settled before 31 March, 2014. These obligations arise from accrued annual leave and superannuation entitlements at the reporting date.

Note 16: Financial Liabilities

	Note	Consolidated 2013 $	Consolidated 2012 $
Financial lease on vehicles			
Current liability net amount owing		**47,328**	108,180
Non-current liability net amount owing		**49,564**	36,262
Present value of minimum lease payments	25(b)	**96,892**	144,442

Note 16: Financial Liabilities (cont'd)

The Group entered into two finance lease contracts for the purchase of 4 vehicles with completion dates of February 2016 (extended from February 2013) and November 2013. The vehicles are recorded at cost and classified as a depreciable asset. The present value of the lease payments due including their residual payout is $96,892 (2012: $144,442). Title of the vehicles will transfer to the Company upon payment of $53,896.

Note 17: Contributed equity and reserves

a) Ordinary Shares

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

	Consolidated	
	2013 $	**2012 $**
Ordinary shares		
Issued and fully paid	**87,483,365**	87,483,365
	Number	**Number**
Number of shares on issue	**44,820,630**	44,820,630

There were no shares issued during the year for share options being exercised.

b) Reserves

Consolidated	**Foreign Currency Translation Reserve $**	**Share Based Payments Reserve $**	**Dilution Gain Reserve $**	**Total $**
As at 1 April, 2011	258,972	2,089,629	7,314,889	9,663,490
Transfer of fair value of options exercised	-	(95,900)	-	(95,900)
Transfer of lapsed options from prior year's share capital	-	281,898	-	281,898
Cost of share based payments	-	290,557	-	290,557
As at 31 March, 2012	258,972	2,566,184	7,314,889	10,140,045
As at 1 April, 2012	258,972	2,566,184	7,314,889	10,140,045
Transfer of fair value of options exercised	-	-	-	-
Transfer of lapsed options from prior year's share capital	-	-	-	-
Cost of share based payments	-	50,053	-	50,053
As at 31 March, 2013	**258,972**	**2,616,237**	**7,314,889**	**10,190,098**

Note 17: Contributed equity and reserves (cont'd)

c) Nature and purpose of reserves

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) at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rate for the year. The exchange differences arising on the translation were taken directly to this reserve.

The functional currency for subsequent years is Australian dollars.

Share-based payment reserve

The Company has issued stock options to subscribe for Macarthur Minerals Limited shares to certain directors, officers, employees, consultants and underwriters on specified terms. The cost of these stock options 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 the Black-Scholes method.

Note 18: Share Compensation Plans

The Company, in accordance with its Share Compensation Plans and the policies of the TSX, is authorised 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.

Both of the Company's Share Compensation Plans have been approved until September 15, 2015 by the shareholders and took effect from 29 August, 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 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 20). For further detail on the accounting treatment of share options refer to Note 2 accounting policies.

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

Note 19: Options and Warrants

a) Options

During the year ended 31 March, 2013

(i) On 22 January, 2013 the Company granted 100,000 incentive options under the Consultant Share Compensation Plan to Investor Cubed Inc. ("Investor Cubed") as part of their consulting contract to provide investor relations and shareholder communications and services. The options will vest bi-monthly in three tranches as follows:

(a) the first 33,300 options vesting on 22 March, 2013, with an exercise price of CAD$0.65 per common share;
(b) the second 33,300 options vesting on 22 May, 2013, with an exercise price of CAD$0.75 per common share; and
(c) the final 33,400 options vesting on 22 July, 2013, with an exercise price of CAD$0.85 per common share.

The options have a term of three years from the grant date however, in the event of early termination or expiry of the consulting contract, all unvested options will immediately be cancelled and all vested options must be exercised within 30 days after the date of termination or expiry.

(ii) On or about 22 March, 2013 Directors and Officers of the Company surrendered 1,640,000 options.

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 period.

During the year ended 31 March, 2012

(i) On 10 June, 2011 an aggregate of 1,165,000 incentive options were granted pursuant to the Company's Stock Option Plan to various directors, officers, employees and consultants. The options are exercisable for a 3 year period at CAD$3.60 per share and vest immediately. The options are subject to a four month hold period commencing on the date of the grant.

(ii) On 20 December, 2011, an aggregate of 425,000 incentive options were granted pursuant to the Company's Stock Option Plan to a director and various employees. The options are exercisable for a 3 year period at CAD$2.00 per share and vest immediately. The options were subject to a four-month hold period commencing on the date of the grant.

(iii) On 28 March, 2012, the Company granted 300,000 incentive options under the Stock Option Plan to Investor Cubed as part of their consulting contract to provide investor relations and shareholder communications and services. The Investor Cubed contract expired on October 25, 2012 and the options issued under the contract expired 30 days later.

Note 19: Options and Warrants (cont'd)

a) Options (cont'd)

Share Compensation Plans

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

	2013		2012	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	**3,665,000**	**$ 2.15 (CAD $2.23)**	[1] 2,995,000	$ 1.79 (CAD $1.79)
Granted	**100,000**	**$ 0.71 (CAD $0.75)**	1,890,000	$ 2.73 (CAD $2.83)
Exercised	**-**	**-**	(150,000)	$ 1.06 (CAD $1.10)
Forfeited	**(1,770,000)**	**$ 2.71 (CAD $2.88)**	(850,000)	$ 2.14 (CAD $2.22)
Expired	**(1,150,000)**	**$ 1.01 (CAD $1.07)**	(220,000)	$ 1.54 (CAD $1.60)
Outstanding, end of period	**845,000**	**$ 2.12 (CAD $2.25)**	3,665,000	$ 2.15 (CAD $2.23)
Options exercisable, end of period [2]	**778,300**	**$ 2.24 (CAD $2.38)**	3,315,000	$ 2.12 (CAD $2.19)

[1] Excludes 834,000 agents' options which are shown in a separate table below.
[2] Excludes unvested options.

Share options under the Company's Share Compensation Plans outstanding at 31 March, 2013 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
75,000	$1.88 (CAD$2.00)	3 May, 2013
275,000	$3.38 (CAD$3.60)	9 June, 2014
100,000	$0.94 (CAD$1.00)	31 July, 2014
295,000	$1.88 (CAD$2.00)	22 December, 2014
33,300[1]	$0.61 (CAD$0.65)	22 January, 2016
33,300[1]	$0.71 (CAD$0.75)	22 January, 2016
33,400[1]	$0.80 (CAD$0.85)	22 January, 2016

[1] Options issued will vest bi-monthly

The range of exercise prices for options outstanding at 31 March, 2013 is CAD$0.65 to CAD$3.60.

The weighted average remaining contractual life for the share options as at 31 March, 2013 is 1.49 years.

Note 19: Options and Warrants (cont'd)

a) Options (cont'd)

Agents' Options

Options that were issued to underwriters as commission in connection with the Company's private placements are summarised below.

	2013		2012	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	**834,000**	**$3.48 (CAD $3.60)**	834,000	$3.48 (CAD $3.60)
Granted	**-**	-	-	-
Exercised	**-**	-	-	-
Forfeited	**-**	-	-	-
Expired	**(834,000)**	**$3.38 (CAD $3.60)**	-	-
Outstanding, end of period	**-**	**-**	834,000	$3.49 (CAD $3.60)
Options exercisable, end of period [1]	**-**	**-**	834,000	$3.48 (CAD $3.60)

There were no outstanding agents' options as at 31 March, 2013.

There were no agents' options issued or exercised during the period.

b) Warrants

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

	2013		2012	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	**9,039,150**	**$3.82 (CAD $3.96)**	8,789,150	$3.96 (CAD $3.97)
Granted	**-**	**-**	250,000	$3.48 (CAD $3.60)
Exercised	**-**	**-**	-	-
Forfeited	**-**	**-**	-	-
Expired	**(8,450,000)**	**$3.81 (CAD $4.06)**	-	-
Outstanding, end of period	**589,150**	**$2.41 (CAD $2.56)**	9,039,150	$3.82 (CAD $3.96)

Note 19: Options and Warrants (cont'd)

b) Warrants (cont'd)

Warrants outstanding at 31 March, 2013 are as follows:

Number of Warrants	Exercise Price	Expiry Date
339,150	$1.69 (CAD$1.80)	28 April, 2013
250,000	$3.38 (CAD$3.60)	23 February, 2014

During the year ended 31 March, 2013

There were no warrants granted by the Company during the year.

During the year ended 31 March, 2012

250,000 warrants were granted on 22 February, 2012 at an exercise price of CAD$3.60 pursuant to an agreement with Macquarie Capital Markets Canada Ltd dated 7 July, 2010.

Note 20: 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 $0.12 (March 2012 - $0.17). Refer to Note 19 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:

	2013	2012
	Weighted average	*Weighted average*
Share price	**CAD $0.50**	CAD $2.19
Exercise price	**CAD $0.75**	CAD $3.17
Risk-free interest rate	**1.17%**	1.36%
Expected life of options	**2.8 years**	1.3 years
Annualized volatility	**96.81%**	46.21%
Dividend rate	**0%**	0%
Forfeitures	**-**	-

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

Note 21: Related Party Disclosure

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

Name	Country of Incorporation	% Equity Interest 2013	% Equity Interest 2012	Investment ($) 2013	Investment ($) 2012
Macarthur Midway Pty Ltd (formerly Hatches Nominees Pty Ltd)	Australia	100	100	**5,000**	5,000
Macarthur Iron Ore Pty Ltd	Australia	100	100	**5,978,572**	5,978,572
Tracker Resources Pty Ltd	Australia	100	100	**1**	1
				5,983,573	5,983,573

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. Since the end of the year ended 31 March, 2013, Tracker Resources Pty Ltd has been voluntarily deregistered as it was dormant.

		Sales to Related Parties $	Purchases from Related Parties $	Amounts Owed by Related Parties $	Amounts Owed to Related Parties $
Parent Entity					
Subsidiaries:					
Macarthur Midway Pty Ltd (formerly Hatches Nominees Pty Ltd)	**2013**	**-**	**-**	**709**	**-**
	2012	-	-	709	-
Macarthur Iron Ore Pty Ltd	**2013**	**-**	**-**	**44,740,986**	**-**
	2012	-	-	32,330,612	-
Tracker Resources Pty Ltd	**2013**	**-**	**-**	**655**	**-**
	2012	-	-	424	-

There were no transactions between the Company and related parties in the wholly owned Group during the year other than remuneration for key management personnel details of which are contained in Note 22.

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

Note 22: Key Management Personnel

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

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

Executive Director
J Starink

Non-executive Directors
S Hickey
J Toigo
J Wall (appointed on 15 June, 2012)
R Patricio (appointed on 18 September, 2012)

Note 22: Key Management Personnel (cont'd)

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

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

Details of Remuneration

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

2013	**Short Term Employee Benefits**			**Post-Employment Benefits**		**Share Based Payments**	
Directors	Cash Salary & Fees	Cash Bonus[4]	Non-monetary benefits	Superannuation	Retirement Benefits	Options	Total
	$	$	$	$	$	$	$
A S Phillips	324,996	9,468	-	-	-	-	334,464
S Hickey	60,000	-	-	-	-	-	60,000
J Toigo	60,000	-	-	-	-	-	60,000
J Starink [1]	239,025	-	-	-	-	-	239,025
J Wall [2]	50,000	-	-	-	-	-	50,000
R Patricio[3]	32,167	-	-	-	-	-	32,167
Other Company Executives							
D Taplin	255,000	4,952	-	-	-	-	259,952
A J Phillips	267,504	5,195	-	-	-	-	272,699
Total	**1,288,692**	**19,615**	**-**	**-**	**-**	**-**	**1,308,307**

[1] J Starink was paid $239,025 for consulting services to the Company under a consultancy agreement, commencing 1 September 2012.
[2] J Wall was appointed as a non-executive director on 15 June, 2012
[3] R Patricio was appointed as a non-executive director on 18 September, 2012
[4] On September 14, 2012, 60,118 Cash Based RSUs vested in accordance with the Cash RSU Plan and ratified by the Board.

Remuneration accrued and payable to key management personnel as at 31 March, 2013 was $144,200.

Note 22: Key Management Personnel (cont'd)

Details of Remuneration (cont'd)

Total remuneration of each key management personnel of the Company for the year ended 31 March, 2012 is set out below.

2012	**Short Term Employee Benefits**			**Post-Employment Benefits**		**Share Based Payments**	
Directors	Cash Salary & Fees	Cash Bonus	Non-monetary benefits	Superannuation	Retirement Benefits	Options	Total
	$	$	$	$	$	$	$
A S Phillips	303,747	60,000	-	-	-	8,582	372,329
S Hickey	60,000	-	-	-	-	-	60,000
J Toigo	60,000	-	-	-	-	10,728	70,728
J Starink [1][3]	67,154	-	-	-	-	5,435	72,589
P Ziegler [2]	-	-	-	-	-	10,728	10,728
Other Company Executives							
D Taplin	251,250	60,000	-	-	-	53,640	364,890
A J Phillips	260,628	60,000	-	-	-	53,640	374,268
Total	1,002,779	180,000	-	-	-	142,753	1,325,532

[1] J Starink, appointed on 23 June, 2011
[2] P Ziegler (Alternate for A S Phillips), resigned on 4 May, 2011
[3] J Starink was paid $21,000 for consulting services to the Company under a consultancy agreement, commencing 16 March, 2012.

Remuneration accrued and payable to key management personnel as at 31 March, 2012 was $121,625.

Principles used to determine the nature and amount of remuneration

Fees and payments to directors and officers reflect the demands which are made on, and the responsibilities of directors and officers. Remuneration of non-executive directors is determined by the Company's Remuneration and Nomination Committee and approved by the board within the maximum aggregate amount approved by shareholders from time to time. The remuneration of key executives is determined by the Remuneration and Nomination Committee and approved by the board.

To determine remuneration payable, the Remuneration and Nomination Committee reviews compensation paid for directors, CEOs, CFOs and other officers of companies of similar size and stage of development in the mineral exploration/mining industry. Appropriate compensation is determined by reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Company. This includes approaching consultants with recruitment companies and independent remuneration advisors to determine current market conditions and rates. In setting the compensation the Remuneration and Nomination Committee annually reviews the performances of the CEO, CFO and officers in light of the Company's objectives and considers other factors that may have impacted the success of the Company in achieving its objectives.

An independent remuneration report was used in determining the appropriate level of compensation and conditions of the executives' consulting contracts. The Remuneration and Nomination Committee reviewed the consulting contracts and Cash RSU plan and recommended them to the Board for approval. Mr Alan S Phillips and Mr Jon Starink are not members of the Remuneration and Nomination Committee and did not vote on the resolution to approve their respective consulting contracts.

Note 22: Key Management Personnel (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 RSU Plan which entitles them to receive Cash Based RSUs.

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

- Cash Based 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.
- Cash Based RSU cash payment amounts are based on the market value of a common share in the Company on the date that the Cash Based 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 Based RSUs vest on termination without cause and change of control.

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

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

Executives	Number of Non-performance Based Cash RSUs		
	Granted	Vested	Balance
A S Phillips	66,667 [1]	-	66,667
D Taplin	-	-	-
A J Phillips	88,889 [1]	-	88,889
Total	155,556	-	155,556

[1] One Cash Based RSU vests on the exercise of every 2.25 options that were issued previously with an exercise price of C$3.60, a vesting price of C$4.25, expiring 31 March, 2014.

On 14 September, 2012, 60,118 cash RSUs vested and a corresponding cash payment was made for $19,615. Refer also to the *Details of Remuneration*.

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 AASB 124. Where transactions are entered into the terms and conditions are no more favourable than those that it is reasonable to expect that the entity would have adopted if dealing on an arm's length basis.

Note 22: Key Management Personnel (cont'd)

Other transactions with key management personnel (cont'd)

Details of these transactions during the year are set out below:

(a) $Nil (2012: $29,700) was paid or accrued to Strategic Capital Services Pty Ltd ("Strategic Capital") for rent for offices sub-let to the Company in Brisbane up until June 2011. Joe Phillips is a director of Strategic Capital and as a result has significant influence over Strategic Capital.

(b) $Nil (2012: $16,690) was paid or accrued to ClarkeKann Lawyers a firm of which John Toigo, a director, is a partner, for legal fees.

(c) $Nil (2012: $13,200) was received or receivable from Phillips Exploration Pty Ltd, an entity of which Joe Phillips, COO, is a director and J Phillips, wife of A S Phillips, Chairman, President and CEO, is a director, that result in them having significant influence over Phillips Exploration Pty Ltd for the purposes of IAS 24, for the sale of 2 motor vehicles which were independently valued and approved by the Board. A S Phillips did not vote.

(d) $Nil (2012: $27,500) was paid by the Company to Phillips Exploration Pty Ltd for assignment of equipment and furniture. A S Phillips did not vote.

Aggregate amounts of each of the above transactions are below.

	Consolidated	
	2013	**2012**
Amounts paid or accrued	**$**	**$**
Consulting work	-	16,690
Sale of two motor vehicles	-	(13,200)
Assignment of office equipment and furniture	-	27,500
Reimbursement of office rent	-	29,700
	-	60,690

There were no amounts payable to or receivable from related parties of key management personnel at balance date relating to the above types of transactions.

Note 22: Key Management Personnel (cont'd)

Equity instrument disclosures relating to key management personnel

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, are set out below.

Name	Number at 1/4/12	Number Acquired	Number Disposed	Number at 31/3/13
A S Phillips	-	-	-	-
S Hickey	443,700	100,000	-	543,700
J Toigo	-	-	-	-
J Starink	-	-	-	-
J Wall (appointed 15 June, 2012)	-	-	-	-
R Patricio (appointed 18 September, 2012)	-	4,900	-	4,900
P Ziegler (resigned 4 May, 2011)	-	-	-	-
D Taplin	148,224	150,000	-	298,224
A J Phillips	134,809	11,500	-	146,309
J Phillips, A J Phillips, D Taplin [1]	1,035,000	300,000	-	1,335,000
	1,761,733	566,400	-	2,328,133

[1] 1,000,000 shares are held by First Apollo Capital Limited ("First Apollo"). A S Phillips was a former director of First Apollo (resigned 16 July, 2010), his wife J Phillips (since 1 June, 2005) and his son Joe Phillips (since 16 July, 2010) are directors of First Apollo and D Taplin, CFO and Company Secretary, is a director and secretary of First Apollo (since 17 July, 2008). Accordingly, A S Phillips has previously held while a director, and J Phillips, Joe Phillips and D Taplin, currently hold as directors, positions in First Apollo, that result in them having (or having previously had in the case of A S Phillips), significant influence over First Apollo for the purposes of relevant Australian accounting standards.

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, are set out below.

Name	Number at 1/4/12	Number Acquired	Number Disposed	Number at 31/3/13
A S Phillips	490,000	-	(490,000)	-
S Hickey	450,000	-	(350,000)	100,000
J Toigo	300,000	-	(300,000)	-
J Starink	100,000	-	(100,000)	-
J Wall (appointed 15 June, 2012)	-	-	-	-
R Patricio (appointed 18 September, 2012)	-	-	-	-
P Ziegler (resigned 4 May, 2011) [1]	50,000	-	-	50,000
D Taplin	600,000	-	(600,000)	-
A J Phillips	600,000	-	(600,000)	-
	2,590,000	-	(2,440,000)	(150,000)

[1] Since the year end 31 March, 2013, P Ziegler surrendered 50,000 options on 3 May, 2013.

Note: 1,640,000 options were surrendered by Directors and Officers during the year, refer to Note 19 a.

Note 22: Key Management Personnel (cont'd)

Equity instrument disclosures relating to key management personnel (cont'd)

c) 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.

Name	Number at 1/4/12	Number Acquired	Number Disposed	Number at 31/3/13
A S Phillips	-	-	-	-
S Hickey	-	-	-	-
J Toigo	-	-	-	-
J Starink	-	-	-	-
J Wall (appointed 15 June, 2012)	-	-	-	-
R Patricio (appointed 18 September, 2012)	-	-	-	-
P Ziegler (resigned 4 May, 2011)	-	-	-	-
D Taplin	-	-	-	-
A J Phillips	-	-	-	-
J Phillips, A J Phillips, D Taplin [1]	1,000,000	-	(1,000,000)	-
	1,000,000	-	-	-

[1] First Apollo was issued 1,000,000 warrants on 3 January, 2008 with an exercise price of CAD$2.00, exercisable for a period of 18 months. These warrants, along with other warrants held by third party warrant holders, were initially extended until 3 January, 2010 and were further extended until 3 January, 2013, both with the approval of the TSX-V for $Nil**.** See Note 22, Ordinary Shares, footnote [1].

d) Retirement Benefits of Key Management Personnel

No amounts have been paid in connection with the retirement of directors and executives.

Note 23: Remuneration of Auditors

	Consolidated 2013 $	2012 $
During the year the following fees were paid or payable for services provided by the auditors.		
Crowe Horwath Melbourne:		
Audit and review of financial reports	**41,000**	39,000
Other services	**2,400**	-
Davidson & Company LLP:		
Audit and review of financial reports in Canada	**58,690**	93,710
Other services	**-**	7,022
Total remuneration for audit and other services	**102,090**	139,732

Note 23: Remuneration of Auditors (cont'd)

Non-audit Services

The Company may decide to employ the auditors on assignments additional to their statutory audit duties where the auditors' expertise and experience with the Company are important.

Details of the amounts paid or payable to the auditors Crowe Horwath Melbourne and Davidson & Company LLP for audit and non-audit services provided during the year are set out above.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001(Cth)*. The directors are satisfied that the provision of non-audit services by the auditors, as set out above, did not compromise the auditors' independence requirements of the *Corporations Act 2001(Cth)* for the following reasons:

- all non-audit services have been reviewed to ensure they do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditors' own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the Crowe Horwath Melbourne's independence declaration is required under section 307C of the *Corporations Act 2001(Cth)* and is set out on page 18.

Note 24: Commitments

	Consolidated 2013 $	Consolidated 2012 $
a) Operating Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities:		
Within one year	**318,091**	303,252
Later than one year but not later than five years	**386,078**	190,645
Non-cancellable operating lease	**704,169**	493,897

The Company has entered into various operating lease agreements for office space in Brisbane and Perth and accommodation in Perth.

	Note	Consolidated 2013 $	Consolidated 2012 $
b) Finance Lease commitments			
Commitments in relation to leases contracted for at the reported date and recognised as liabilities are:			
Not later than one year		**51,854**	111,182
Later than one year but not later than five years		**57,074**	36,598
Later than five years		**-**	-
Minimum Lease payments		**108,928**	147,780
Less future finance payments		**(12,036)**	(3,338)
Present value of minimum lease payments	16	**96,892**	144,442

Finance lease agreements have been entered into by the Company for the purchase of four vehicles used for exploration purposes. The completion date of the two leases are February 2016 (extended from February 2013) and 30 November, 2013. Minimum lease payments are $2,588 per month and residual pay out at the completion of the leases is $53,896. Total unexpired interest is $12,036.

Note 24: Commitments (cont'd)

(c) Exploration and evaluation expenditure

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	
	2013	**2012**
	$	**$**
Not later than one year	**2,847,422**	2,885,215
Later than one year but not later than five years	**12,424,242**	10,533,302
	15,271,664	13,418,517

For the Financial Year ending 31 March 2014, the Company 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 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). It will not impact the future ability of the Group to developed the area of interest.

Following exemptions and relinquishment of some tenements, as outlined above, the obligations not provided for in the financial statements and are payable at future dates as follows:

	Consolidated	
	2013	**2012**
	$	**$**
Not later than one year	**983,284**	2,885,215
Later than one year but not later than five years	**2,218,507**	10,533,302
	3,201,791	13,418,517

(d) Option Agreement E30/317

The Company entered into an option agreement on 16 June, 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. The Company was required to undertake expenditure of $500,000 on tenement E30/317 within the 24 month exercise period or pay the shortfall, if it did not exercise the option. As at the reporting date the Company has fully met the $500,000 expenditure requirement and has $nil outstanding under the option agreement.

Note 25: Contingent Liabilities

a) Security Bonds

Contingent liability of $227,000 exists in relation to security bonds issued to the Department of Mines and Petroleum for compliance with environmental conditions attached to exploration and mining leases E30/230, E30/317, E30/321, M30/228, M30/229, M30/240 and M30/243.

In addition the Company has bank guarantees issued of $180,104 for office leasing arrangements in Brisbane and Perth.

b) First Strategic Development Corporation Ltd (in liquidation)

The Company is a creditor of FSDC and lodged a Proof of Debt with FSDC's liquidator for approximately $460,000. The Company and another creditor have entered into a Funding Agreement with the liquidator of FSDC, to fund the costs and expenses of proceedings against former directors of FSDC (Messrs Sing Chuk Charles Chan, Wai Lap Victor Chan and Wai Tak Kwok) for compensation and/or damages for insolvent trading and breach of directors' duties owed to FSDC (the "FSDC Proceedings"). On 23 August, 2012, the Supreme Court of Queensland approved the Funding Agreement and also ordered that the costs of the liquidator, the Company and the other creditor be costs in the winding up.

Under the terms of the Funding Agreement, the Company and the other creditor agreed to equally share the costs and expenses of the FSDC Proceedings up to $80,000 (plus GST). This amount has subsequently been met and the Company is now solely responsible for the costs and expenses of the FSDC Proceedings. Macarthur may terminate the Funding Agreement at any time. The Company has provided an indemnity to the liquidator of FSDC in respect of any adverse costs order against the liquidator.

On 7 May, 2013, the Court granted leave to amend the liquidator's claim by adding a new cause of action against Mr Charles Chan for money owing to FSDC. At the same time, the proceedings were set down for a 7 day trial commencing 17 October, 2013.

Lawyers for the liquidator estimate that, based on the current status of the claim, the future costs and expenses of the FSDC Proceedings (including the liquidator's fees) commencement of the trial will be between approximately $98,700 to $155,100.

c) Supreme Court Proceedings

In July 2012, the Company was served with proceedings in the Supreme Court of Queensland commenced by LPD Holdings (Aust) Pty Ltd ("LPD") and Mayson Associates Limited ("Mayson") (the "July Proceedings") in which the Company was named as a respondent. The other respondents to the Proceedings were certain directors and officers of the Company ("Respondent Officers") and Jaldale Pty Ltd.

On 21 November, 2012 the Supreme Court of Queensland heard applications to strike-out the July Proceedings by the Company and the Respondent Officers. The Court ordered, among other things, that the July Proceedings be dismissed due to what the Court described as a "fatal defect", namely, that neither LPD nor Mayson were registered shareholders of the Company at the date the July Proceedings were commenced (LPD was only a beneficial shareholder and Mayson was not a shareholder at all). The Court subsequently ordered that LPD and Mayson pay the Company and the Respondent Officers' costs of, and incidental to, the July Proceeding on the indemnity basis. The Company's lawyers expect that the costs payable by LPD and Mayson to the Company and the Respondent Officers on the indemnity basis will be well in excess of $500,000.

Note 25: Contingent Liabilities (cont'd)

c) Supreme Court Proceedings (cont'd)

LPD and Mayson have obtained leave to appeal against the indemnity costs order against them and the hearing of their appeal has been set down for 29 July, 2013. The Company's legal costs of the appeal from 1 April, 2013 are estimated to be between $85,000 and $110,000 (inclusive of Counsel's fees and excluding GST). The Company is of the view that the indemnity costs order was correct and that the appeal should be dismissed with costs. Depending on the outcome of the appeal, the Company will seek to recover from LPD and Mayson the Company's costs of the July Proceedings on the indemnity basis and the costs of the appeal on the standard basis. If the appeal is successful, the Company may be liable to LPD and Mayson for the costs of the appeal but would still expect to be entitled to its costs of the July Proceedings on the standard (not indemnity) basis.

After commencing the July Proceedings, LPD re-registered as a shareholder of the Company and the Company was served with new proceedings commenced by LPD on 20 November, 2012 (the "New Proceedings"). LPD subsequently amended its Originating Application and served its Statement of Claim in respect of the New Proceedings on 6 December, 2012. The New Proceedings are similar to the July Proceedings but do differ in some material respects. In particular, the claims against Jaldale Pty Ltd and the officers of the Company, COO and CFO/Company Secretary, have been dropped and certain grounds for relief have also been abandoned. In addition, Mayson is not an applicant in the New Proceedings.

The Company is of the view that, as with the July Proceedings, the New Proceedings are without merit. The Company is vigorously defending the New Proceedings.

LPD has provided security for costs in the July Proceedings, the New Proceedings and in the appeal against the indemnity costs order.

In February2013, the Company and the remaining respondent directors filed strike-out applications in the New Proceedings. The respondent directors sought to strike-out the proceedings against them on the basis that LPD's pleadings do not disclose a cause of action against them and that they are not necessary parties to the New Proceedings. The Company sought to strike-out certain allegations made in LPD's pleadings in the New Proceedings on the basis that the allegations are not properly particularised, do not disclose a reasonable cause of action, are irrelevant and embarrassing and/or are an abuse of process. Those strike-out applications were heard on 26 April, 2013. The parties are now waiting for the Court's judgment.

Legal costs of the New Proceedings from 1 April, 2013 up to and including the filing of the Company's Defence are estimated to be between $100,000 and $155,000 (inclusive of Counsel's fees and excluding GST). If the New Proceedings continue to a full trial of the substantial issues, then the legal costs of the New Proceedings after the filing of the Company's Defence are estimated to be between $400,000 to $600,000 (inclusive of Counsels' fees and excluding GST).

In July 2012, the respondent directors and officers (who together engaged separate legal representation) made a claim against the Company's Directors' and Officers' Liability Insurance policy in respect of any liability in these proceedings, including legal costs. The insurer has confirmed coverage of defence costs under the policy. Other incidental costs that fall outside of the policy have been incurred and the Company has indemnified the respondent directors and officers for those other incidental costs to date (subject to certain restrictions, including restrictions contained in the *Corporations Act 2001* (Cth)).

LPD previously commenced proceedings in the Supreme Court of Queensland on 16 July, 2010 for inspection of books and records of the Company and its subsidiary Macarthur Iron Ore Pty Ltd (previously named Internickel Australia Pty Ltd). Those proceedings were settled by mutual agreement on 18 May, 2011.

Note 26: Subsequent Events

a) Options exercised/expired

Since 31 March, 2013 and up to the date of this report no options were exercised.

Since 31 March, 2013 and up to the date of this report 125,000 options expired on 3 May, 2013.

b) Warrants exercised/expired

Since 31 March 2013 and up to the date of this report, no warrants were exercised.

Since 31 March, 2013 and up to the date of this report 339,150 warrants expired on 28 April, 2013.

c) Tracker Resources Pty Ltd

On May 10, 2013 the Company resolved to voluntarily deregister Tracker Resources Pty Ltd ("Tracker") (the Company's 100% owned subsidiary). Tracker was inactive, was not carrying on any business, and had no assets and no liabilities. In compliance with s601AA of the Corporations Act 2001, Tracker applied for voluntary deregistration with ASIC for approval. It is expected that this approval will be made in approximately 2 months.

d) Hatches Nominees Pty Ltd

On 10 May, 2013, the members of Hatches Nominees Pty Ltd (MIO's 100% owned subsidiary) resolved to change its name to Macarthur Midway Pty Ltd to more appropriately reflect its business and the name of its parent entity, Macarthur Minerals Limited.

e) Option Agreement E30/317

The Company's option over E30/317, under an Option Agreement entered into 16 June, 2011, has been extended for a further 12 months until 16 June, 2014. The Company is required to keep the Tenement in good standing and the option fee remains the same at $10,000,000.

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

In the opinion of the directors:

(a) The financial statements and notes of the Company and of the consolidated entity are in accordance with the *Corporations Act 2001 (Cth)*, including:

(i) giving a true and fair view of the Company and consolidated entity's financial position as at 31 March, 2013 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and *Corporations Regulations 2001 (Cth)*; and

(b) 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

Alan S Phillips
Chairman

Dated: 26 June, 2013

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

Report on the financial report

We have audited the accompanying financial report of Macarthur Minerals Limited (the company) and Macarthur Minerals Limited and Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 31 March 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

The responsibility 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. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial statements, comprising the financial statements and notes, complies with IFRS.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

We are independent of the company, and have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditors Independence Declaration, a copy of which is attached to the Financial Report.

Crowe Horwath

Auditor's opinion

In our opinion:

a. the financial report of Macarthur Minerals Limited and Macarthur Minerals Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company and consolidated entity's financial position as at 31 March 2013 and of their performance for the year ended on that date; and

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

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Crowe Horwath Melbourne

CROWE HORWATH MELBOURNE

Anne Lockwood

Anne Lockwood
Partner
Melbourne VIC 3000

Dated: 1 July 2013