MACARTHUR MINERALS LIMITED

Australian Company Number 103 011 436

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

All amounts are in Australian dollars unless otherwise stated

MACARTHUR Minerals

Consolidated Financial Statements – March 31, 2015

Contents

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

Its corporate office and principal place of business are detailed on page 8.

The financial statements were authorized for issue by the directors on June 24, 2015. The directors have the power to amend and reissue the financial statements.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Macarthur Minerals Limited

We have audited the accompanying consolidated financial statements of Macarthur Minerals Limited, which comprise the consolidated statements of financial position as at March 31, 2015 and 2014 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Macarthur Minerals Limited as at March 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Macarthur Minerals Limited's ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

June 24, 2015

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

	Notes	**2015** **$**	**2014** **$**
EXPENSES			
Depreciation	5(a)	**(217,311)**	(261,795)
Investor relations		**(39,100)**	(101,310)
Office and general expenses		**(363,552)**	(383,577)
Personnel costs	5(b)	**(1,494,254)**	(1,620,485)
Professional fees	5(c)	**(733,212)**	(1,208,273)
Rent		**(133,097)**	(127,071)
Share-based compensation	5(b)	**(15,840)**	(151,646)
Share Registry, filing and listing fees		**(115,197)**	(145,138)
Travel and accommodation		**(87,159)**	(76,206)
		(3,198,722)	(4,075,501)
REVENUE			
Interest Income	5(d)	**100,299**	269,160
Other Income	5(e)	**1,879,886**	-
Net loss and comprehensive loss for the year		**(1,218,537)**	(3,806,341)
Basic loss per ordinary share	7	**(0.02)**	(0.08)
Diluted loss per ordinary share	7	**(0.02)**	(0.08)

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

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

	Notes	2015 $	2014 $
ASSETS			
Current			
Cash and cash equivalents	8	**2,807,129**	3,628,858
Other receivables	9	**39,647**	71,659
Security deposits and prepayments	10	**156,969**	411,723
Total current assets		**3,003,745**	4,112,240
Non-Current			
Plant and equipment	11	**468,517**	683,684
Exploration and evaluation assets	12	**60,800,223**	58,491,921
Total non-current assets		**61,268,740**	59,175,605
Total assets		**64,272,485**	63,287,845
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	13	**396,795**	404,427
Employee benefits	14	**80,608**	93,731
Finance lease obligation	15	**11,801**	3,638
Total current liabilities		**489,204**	501,796
Non-Current			
Employee benefits	14	**939**	2,169
Finance lease obligation	15	**-**	11,798
Total non-current liabilities		**939**	13,967
		490,143	515,763
Shareholders' equity			
Contributed equity	16(a)	**89,043,070**	86,686,256
Reserves	16(b)	**3,768,970**	3,896,987
Deficit		**(29,029,698)**	(27,811,161)
Total shareholders' equity		**63,782,342**	62,772,082
Total liabilities and shareholders' equity		**64,272,485**	63,287,845

Nature and continuance of operations (Note 1)
Commitments (Note 22)
Subsequent events (Note 24)
Contingent liabilities (Note 23)

On behalf of the Board:

" Earl Evans" Director ***"Cameron McCall"*** Director

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

MACARTHUR MINERALS LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Australian Dollars)

	Number of Shares	Contributed Equity	Deficit	Reserves	Total
Balance at April 1, 2013	44,820,630	$ 86,686,256	$ (24,004,820)	$ 3,745,341	$ 66,426,777
Net loss for the year	-	-	(3,806,341)	-	(3,806,341)
Share-based payment transactions	-	-	-	151,646	151,646
Balance at March 31, 2014	44,820,630	$ 86,686,256	$ (27,811,161)	$ 3,896,987	$ 62,772,082
Balance at April 1, 2014					
Net loss for the year	-	-	(1,218,537)	-	(1,218,537)
Share-based payment transactions	-	-	-	15,840	15,840
Re-allocation of share reserves	-	143,857	-	(143,857)	-
Private placement	11,200,000	2,240,000	-	-	2,240,000
Share issuance costs	-	(27,043)	-	-	(27,043)
Balance at March 31, 2015	56,020,630	$ 89,043,070	$ (29,029,698)	$ 3,768,970	$ 63,782,342

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

MACARTHUR MINERALS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Australian Dollars)
FOR THE YEARS ENDED MARCH 31

	Notes	2015 $	2014 $
OPERATING ACTIVITIES			
Payments to suppliers and employees		**(2,885,093)**	(3,486,459)
Interest received		**100,299**	236,640
Other Revenue		**1,879,886**	-
Interest Paid		**(9,851)**	(9,123)
Transfer from security deposits		**228,014**	69,484
Net cash flows used in operating activities	8	**(686,745)**	(3,189,458)
INVESTING ACTIVITIES			
Net proceeds (purchases) of plant and equipment		**(2,144)**	54,993
Exploration and evaluation additions		**(2,536,369)**	(4,334,287)
Exploration and evaluation recoveries		**194,207**	505,897
Net cash flows used in investing activities		**(2,344,306)**	(3,773,397)
FINANCING ACTIVITIES			
Proceeds from share issues		**2,240,000**	-
Share issuance costs		**(27,043)**	-
Repayment of finance lease		**(3,635)**	(81,456)
Net cash flows provided by (used) in financing activities		**2,209,322**	(81,456)
Change in cash and cash equivalents during the year		**(821,729)**	(7,044,311)
Cash and cash equivalents, beginning of the year		**3,628,858**	10,673,169
Cash and cash equivalents, end of year	8	**2,807,129**	3,628,858

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

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

Note 1: Nature and Continuance of Operations

Macarthur Minerals Limited (the "Company") is an Australian public company listed in Canada on the Toronto Stock Exchange ("TSX") (symbol: MMS) and the OTC Market Place, OTCQX International ("OTCQX") (symbol: MMSDF) that is currently focused on the exploration and evaluation of iron ore projects in Western Australia. The Company will be delisted from the TSX and will list on TSX Venture Exchange ("TSX-V") on or before July 3, 2015.

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

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

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

Note 2: Summary of Significant Accounting Policies

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

a) Basis of preparation

The consolidated financial statements are audited and have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB").

The financial report has been prepared on an accrual basis, except for cash flow information, 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.

During the year the consolidated entity incurred a net loss of $1,218,537 and had a net decrease in cash and cash equivalents of $821,729. The Company's cash and cash equivalents balance at the reporting date is $2,807,129 and $109,606 as security deposits for corporate credit cards and office leases.

The Company's continued operations are dependent upon its ability to raise either additional equity capital or other funding, project financing or generate cash flow from operations in the future, which could include the realization through sale of part or all of the exploration asset, none of which is assured. This depends upon the realization of economic, operating and trading assumptions about future events and actions, which may not necessarily occur, and the successful implementation of management plans to commercialize its mining projects through development or sale and to manage the consolidated entity's affairs to meet its commitments until this takes place. These conditions may cast significant doubt about the Company's ability to continue as a going concern.

During the year ended March 31, 2015, the Company completed a private placement of 11,200,000 shares of the Company at a price of $0.20 per share to raise gross proceeds of $2,240,000. In addition, the Company recovered legal costs of $1,879,886 relating to the LPD and FSDC (in liquidation) legal actions. Refer to Note 23 for further details.

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

b) Going concern (cont'd)

Management has prepared a budget approved by the Board of Directors, reducing expenditures over the coming twelve months, compared to the year ended March 31, 2015, in order to ensure that the Company has sufficient funds to meet its obligations as they become due, until further funds are raised. The Company has implemented this in the first few months subsequent to year end. As a result, the Company believes these funds and the reduction of expenditures, until further funds are raised, will enable the Company to meet its obligations and commitments for the foreseeable future.

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 believes these funds will enable it to meet its obligations and commitments for the foreseeable future.

c) Principles of consolidation

(i) Subsidiaries

The financial report incorporates the assets, liabilities and results of all subsidiaries controlled by the Company as at March 31, 2015. Refer to Note 20 for details on subsidiaries.

A controlled entity is any entity over which the Company 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 Company controls another entity.

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

Intercompany transactions, balances and unrealised gains on transactions between companies are eliminated in full on consolidation. 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 Company.

(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 loss and comprehensive loss.

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

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

c) Mineral exploration and evaluation assets

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 capitalized 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:

- 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 of an area based on technical feasibility and commercial viability of extracting a mineral resource being demonstrable, 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.

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

d) Mineral exploration and evaluation assets (cont'd)

(iv) Mines properties, plant and equipment (cont'd)

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.

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 profit or loss.

e) Plant and equipment

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

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

Depreciation in assets is calculated as follows:

Plant & Equipment	5% to 33.33% Prime Cost Method 22.5% Diminishing Value Method
Office Equipment	10% to 33.33% Prime Cost Method 37.5% Diminishing Value Method
Motor Vehicles	20% to 25% Prime Cost Method

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

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. Impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

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

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 asset's 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.

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

g) Financial Instruments

(i) Recognition

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

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

The Company recognises its investments in the following categories: fair value through profit or loss and 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 loss and comprehensive loss.

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

(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 loss and comprehensive loss within other income or other expenses in the period in which they arrive.

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

g) Financial Instruments (cont'd)

(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 Australian 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 12 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 reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognised in the statement of loss and comprehensive loss.

(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 loss and comprehensive loss.

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.

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

i) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency. The functional currency of the Company's subsidiaries, Macarthur Midway Pty Ltd and Macarthur Iron Ore Pty Ltd, has been determined to be the Australian dollar. 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.

(ii) Transactions and balances

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

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 Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The balance is recognised as a current liability, amounts are unsecured and are usually paid within 30 days of recognition of the liability.

l) Leases

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

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

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

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

m) Provisions

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

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

n) Employee benefits

(i) Wages and salaries, annual leave and superannuation

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

(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.

(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

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.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

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 loss and comprehensive loss 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.

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

n) Employee benefits (cont'd)

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

The Company's cash based Restricted Share Unit Plan ("RSU Plan") entitles eligible persons 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 or 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.

The provision is recognized 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. Future restoration and closure costs are reviewed at the end of each reporting period 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.

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

q) Income tax

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

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or when the deferred income tax liability is settled.

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

Deferred income tax 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 Company 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.

(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 on September 5, 2014, the *Mineral Resources Rent Tax Repeal and Other Measures Act 2014,* which repealed the Minerals Resource Rent Tax ("MRRT"). The Company has not paid, nor has any liability to pay the MRRT.

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.

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

s) Earnings per share (cont'd)

(ii) Diluted earnings per share

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

t) Revenue recognition

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 and judgements

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

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

(i) Exploration and Evaluation Expenditure

At the end of each reporting period, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss or reversal of previous impairment. Where such an indication exists, the recoverable amount is estimated in order to determine the extent of impairment, if any.

The Company assessed the carrying value of its exploration asset given the current global iron ore economic conditions and given the results of its exploration activities to date. The Company's exploration asset is a long term project with specific competitive features. Whilst the current economic environment of the low spot price of iron ore and uncertain project funding is challenging, on the basis of it being a long term project no impairment factors apply at reporting date.

(ii) Share-based payment transactions

The Company measures the costs of equity-settled transactions with directors, officers, employees and consultants by reference to the fair values of the equity instrument. The fair value of equity-settled transactions is determined using the 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 $15,840 has been shown as share-based compensation expenditure in the statement of loss and comprehensive loss.

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

u) Critical accounting estimates (cont'd)

(iii) Deferred tax assets

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

(iv) Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and the consolidated financial statements continue to be prepared on a going concern basis. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Refer to Note 2(b).

v) Adoption of New and Revised Accounting Standards

During the current year the Company adopted all of the new and revised International 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.

IAS 32, "Financial Instruments: Presentation" was adopted by the Company on January 1, 2014. IAS 32 applies to the offsetting of financial assets and financial liabilities.

IFRS 10, "Exception from Consolidation for "Investment Entities" in conjunction with IFRS 12 and IAS 27, was adopted by the Company on January 1, 2014. IFRS 10 amends the definition of "Investment Entity" and introduces and an exception form consolidation for investment entities. IFRS 12 and IAS 27 are amended to introduce disclosures required by an investment entity.

w) Early Adoption of Accounting Standards

The Company has not elected to early adopt any new or revised International Accounting Standards and Interpretations during the year ended March 31, 2015.

x) New Accounting Standards for Application in Future Periods

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

IAS 36, "Impairment of Assets" is effective for annual periods beginning on or after July 1, 2014.

IFRS 7, "Financial Instruments: Disclosures" (amendments) is effective for annual periods beginning on or after January 1, 2015.

IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018.

Note 3: Financial risk management

Financial risk factors

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

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

a) Credit risk

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

Exposure to credit risk

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

	2015 $	2014 $
CONSOLIDATED		
Financial assets		
Cash and cash equivalents	**2,807,129**	3,628,858
Other receivables	**39,647**	71,659
Security Deposits	**109,606**	337,620
	2,956,382	4,038,137

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

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

	2015 $	2014 $
Australia	**39,647**	71,659
Canada	**-**	-
	39,647	71,659

(Expressed in Australian Dollars)

Note 3: Financial risk management (cont'd)

b) Liquidity risk

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

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

The Company has limited financial resources and there is no assurance that additional funding will be available to allow the Company to acquire, explore and develop its exploration and evaluation assets. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration or development.

The Company is dependent on raising funds through equity and/or debt, or disposing of interests in its mineral properties (by options, joint ventures or outright sales) in order to finance development of its exploration and evaluation assets, further acquisitions, undertake exploration and meet general and administrative expenses in the immediate and long term. There can be no assurance that the Company will be successful in raising the required financing.

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. See Note 12 for commitments related to maintaining the exploration tenements. 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.

Exposure to liquidity risk

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

As at March 31, 2015	**Less than 3 months $**	**Between 3 months and 1 year $**	**Between 1 year and 3 years $**
Trade Payables	**247,551**	**5,445**	**-**
Finance Lease Liabilities	**1,160**	**10,641**	**-**
As at March 31, 2014			
Trade Payables	275,538	-	-
Finance Lease Liabilities	910	2,728	11,798

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.

Note 3: Financial risk management (cont'd)

c) Interest rate risk (cont'd)

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

	2015 $	2014 $
Interest-bearing financial instruments		
Financial assets	**2,834,359**	3,887,754

Financial assets are comprised of:

	2015 $	2014 $
Cash equivalents	**2,724,753**	3,550,134
Security deposits	**109,606**	337,620
	2,834,359	3,887,754

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 2014.

	Profit or loss		Equity	
	100bp increase $	100bp decrease $	100bp increase $	100bp decrease $
March 31, 2015				
Interest-bearing financial instruments	**28,344**	**(28,344)**	**28,344**	**(28,344)**
March 31, 2014				
Interest-bearing financial instruments	38,878	(38,878)	38,878	(38,878)

d) Foreign currency risk

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

Exposure to currency risk

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

	AUD $	CAD $	AUD $	CAD $
	2015		2014	
Cash and cash equivalents	**2,725,066**	**82,063**	3,550,587	78,271
Receivables	**39,647**	**-**	71,659	-
Security Deposits	**109,606**	**-**	337,620	-
	2,874,319	**82,063**	3,959,866	78,271
Trade and other payables	**347,501**	**49,294**	344,271	60,156
Employee Benefits	**81,547**	**-**	95,900	-
Lease liability	**11,801**	**-**	15,436	-
	440,849	**49,294**	455,607	60,156
Net exposure	**2,433,470**	**32,769**	3,504,259	18,115

(Expressed in Australian Dollars)

Note 3: Financial risk management (cont'd)

d) Foreign currency risk (cont'd)

The following significant exchange rates applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Canadian dollar (CAD$)	**0.9928**	0.9825	**0.9669**	1.0250

Sensitivity analysis

A 10% strengthening of the Australian dollar against the Canadian dollar at March 31, 2015 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 2014.

	Equity	Profit or loss
	$	**$**
March 31, 2015		
CAD$	**(3,168)**	**3,168**
March 31, 2014		
CAD$	(1,857)	1,857

A 10% weakening of the Australian dollar against the Canadian dollar at March 31, 2015 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.

e) Commodity price risk

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

As the Company has not yet reached the mining stage, its exposure to price risk has no impact on the financial statements.

Note 4: Capital Management

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

(Expressed in Australian Dollars)

Note 4: Capital Management (cont'd)

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 March 31, 2015. The Company is not subject to externally imposed capital requirements.

Note 5: Revenue and expenses

		2015 $	2014 $
a)	***Depreciation, amortisation and foreign exchange differences included in income statement***		
	Depreciation and amortisation	**217,311**	261,795
b)	***Employee benefits expense***		
	Personnel costs	**1,494,254**	1,620,485
	Share-based compensation	**15,840**	151,646
c)	***Professional fees include legal costs for the following matters:***		
	- LPD	**133,477**	308,704
	- FSDC	**265,086**	568,711
d)	***Finance Revenue***		
	Bank interest income	**100,299**	269,160
e)	***Cost Recoveries from the following legal matters:***		
	- LPD	**451,515**	-
	- FSDC	**1,428,371**	-

For details on the LPD Holdings (Aust) Pty Ltd ("LPD") matter refer to Note 23.

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

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

   ("FSDC Judgement")

Legal costs were also awarded against the first, second and third defendant directors on an indemnity basis.

The defendants appealed against the FSDC Judgement. The Queensland Court of Appeal handed down its decision on 6 March, 2015 dismissing the defendants' appeal and ordering the defendants to pay the costs of the appeal on a standard basis.

As at 31 March 2015, the Company has received from the liquidator of FSDC the amount of $1,428,371 for part reimbursement of costs, in accordance with the court approved funding arrangements. Further costs subject to assessment are payable to the liquidator, and to be reimbursed to the Company pursuant to the funding arrangements.

(Expressed in Australian Dollars)

Note 6: Income tax

		2015 $	2014 $
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***		
	(Loss) before income tax expense	**(1,218,537)**	(3,806,341)
	Tax at Australian tax rate of 30%	**(365,561)**	(1,141,902)
	Adjustment for items not deductible in calculating taxable income:		
	Share-based payments	**4,752**	45,494
	Other	**1,547**	3,993
	Exploration expenditures capitalized	**(692,491)**	(950,882)
		(1,051,753)	(2,043,297)
	Income tax losses and temporary differences not carried forward as deferred tax assets	**1,051,753**	2,043,297
	Income tax expense (credit) attributable to profit (loss)	**-**	-

c) Tax consolidation

The Company and its 100% owned subsidiaries have been part of a tax consolidated group since January 2006. MIO was a member of the Group from January 2006 to April 2008, from which date it ceased to be a 100% owned subsidiary. On December 1, 2009 a buy back was completed and MIO 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 $
2015			
Tax losses	66,926,428	5,085,279	**72,011,707**
Potential benefit	20,077,928	1,525,584	**21,603,512**
2014			
Tax losses	63,420,585	4,063,896	**67,484,481**
Potential benefit	19,026,175	1,219,169	**20,245,344**

The Company’s tax losses can be carried forward indefinitely to offset future income, subject to compliance with taxation laws and regulations.

(Expressed in Australian Dollars)

Note 7: Earnings per share

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

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

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

	2015 $	2014 $
Net loss for the year	**(1,218,537)**	(3,806,341)
	Number	**Number**
Weighted average number of ordinary shares for basic earnings per share	**52,491,863**	44,820,630
Weighted average number of ordinary shares for diluted earnings per share	**52,491,863**	44,820,630

The Company's outstanding options that did not have a dilutive effect at March 31, 2015 were 2,175,000 options. The exercise price of these options exceeded the average market price of ordinary shares during the year of CAD$0.11. There were no options or warrants that had a dilutive effect as at March 31, 2015.

Note 8: Cash and cash equivalents

	2015 $	2014 $
Cash at bank and in hand		
Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates	**1,223,042**	3,099,249
Short term deposits earn interest at negotiated fixed rates	**1,584,087**	529,609
	2,807,129	3,628,858

The fair value of cash and cash equivalents is $2,807,129 (2014: $3,628,858).

	2015 $	2014 $
Reconciliation of net loss after income tax to the net cash flows from operations		
Net Loss	**(1,218,537)**	(3,806,341)
Adjustments for:		
Gain on disposal of equipment	**-**	(15,712)
Depreciation	**217,311**	261,795
Share-based payments	**15,840**	151,646
Changes in Assets and Liabilities		
Receivables	**32,013**	470,784
Other operating assets	**254,754**	67,633
Accounts payable and accrued liabilities	**11,874**	(319,263)
Net cash used in operating activities	**(686,745)**	(3,189,458)

(Expressed in Australian Dollars)

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

Supplemental disclosure with respect to cash flows

	2015 $	2014 $
Cash paid during the year for interest	**9,851**	9,123
Cash paid during the year for income taxes	-	-

During the year ended March 31, 2015, the Company entered into the following non-cash transactions:

a) Recorded $96,699 in exploration expenditures through accounts payable.
b) Recorded $12,766 in receivables as a recovery of exploration expenditures.

During the year ended March 31, 2014, the Company entered into the following non-cash transactions:

a) Recorded $130,559 in exploration expenditures through accounts payable.
b) Recorded $12,950 in receivables as a recovery of exploration expenditures.

Note 9: Other Receivables

	2015 $	2014 $
Other receivables	**39,647**	71,659
	39,647	71,659

Note 10: Other Assets

	2015 $	2014 $
Prepayments	**47,363**	74,103
Security deposits (i)	**109,606**	337,620
	156,969	411,723

(i) Security deposits of $109,606 (2014: $337,620) are comprised of office leasing security deposit of $88,606 (2014: $187,620), $nil of guarantees in place for the Department of Mines and Petroleum (2014: $10,000) and $21,000 used as security for corporate credit cards (2014: $140,000).

(Expressed in Australian Dollars)

Note 11: Plant and equipment

	Plant & Equipment $	Motor Vehicles $	Office Equipment $	Total $
Year ended March 31, 2014				
Opening net book value	523,949	268,121	200,718	**992,788**
Additions	34,068	-	9,603	**43,671**
Disposals	(63,056)	(27,924)	-	**(90,980)**
Depreciation charge	(67,318)	(92,379)	(102,098)	**(261,795)**
Transfer	(1,694)	-	1,694	**-**
Closing net book amount	425,949	147,818	109,917	**683,684**
At March 31, 2014				
Cost or fair value	653,582	408,351	391,553	**1,453,486**
Accumulated depreciation	(227,633)	(260,533)	(281,636)	**(769,802)**
Net book amount	425,949	147,818	109,917	**683,684**
Year ended March 31, 2015				
Opening net book value	425,949	147,818	109,917	**683,684**
Additions	635	-	2,190	**2,825**
Disposals	-	-	(681)	**(681)**
Depreciation charge	(61,027)	(88,334)	(67,950)	**(217,311)**
Closing net book amount	365,557	59,484	43,476	**468,517**
At March 31, 2015				
Cost or fair value	654,217	408,351	392,745	**1,455,313**
Accumulated depreciation	(288,660)	(348,867)	(349,269)	**(986,796)**
Net book amount	365,557	59,484	43,476	**468,517**

(Expressed in Australian Dollars)

Note 12: Exploration and Evaluation Assets

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

Exploration and evaluation expenditure

	Acquisition Costs	Deferred Exploration Costs	Total
	$	$	$
Balance as at April 1, 2013	3,823,886	51,498,430	55,322,316
Accommodation and camp maintenance	-	184,926	184,926
Drilling	-	121,139	121,139
Environmental surveys	-	462	462
Other	-	256,672	256,672
Personnel and Contractors	-	1,713,744	1,713,744
Rent and rates	-	758,257	758,257
Research and reports	-	354,691	354,691
Sampling and testing	-	39,004	39,004
Site preparation and earthwork	-	18,998	18,998
Tenement management and outlays	-	44,178	44,178
Travel	-	96,797	96,797
Vehicle hire	-	86,634	86,634
Government Recoveries	-	(505,897)	(505,897)
	-	**3,169,605**	**3,169,605**
Balance as at March 31, 2014	**3,823,886**	**54,668,035**	**58,491,921**
Incurred during the year			
Accommodation and camp maintenance	-	96,936	96,936
Drilling	-	23,100	23,100
E30/317 acquisition cost (refer to Note 22)	10,165	-	10,165
Environmental surveys	-	701	701
Other	-	167,813	167,813
Personnel and Contractors	-	1,127,866	1,127,866
Rent and rates	-	693,122	693,122
Research and reports	-	190,405	190,405
Sampling and testing	-	330	330
Site preparation and earthwork	-	19,787	19,787
Tenement management and outlays	-	58,109	58,109
Travel	-	70,771	70,771
Vehicle hire	-	43,404	43,404
Government Recoveries	-	(194,207)	(194,207)
	10,165	**2,298,137**	**2,308,302**
Balance as at March 31, 2015	**3,834,051**	**56,966,172**	**60,800,223**

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

(Expressed in Australian Dollars)

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

Commitments

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

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

	2015 $	2014 $
Not later than one year	**2,231,873**	2,737,429
Later than one year but not later than five years	**9,369,688**	12,367,701
	11,601,561	15,105,130

For the financial year ending March 31, 2015, the Company may and intends to apply for exemptions against expenditure in relation to those tenements which did not have sufficient expenditure recorded against them in the prior 12 months of their term. Exemption may and will be sought on the basis that aggregate expenditure on those tenements in prior years far exceeded the minimum required. In the event that exemption for these tenements is not granted (which the Company believes is highly unlikely), the Company may have to impair/expense the value of the amount capitalized to exploration and evaluation assets for those tenements. The Company will also be seeking to reduce expenditure, rates and rents requirements by selective relinquishment of some exploration tenements that are not considered essential. In addition, the Company is applying for future exemptions on a number of mining tenements which will allow the Company exemption on future expenditure up to 5 years in advance.

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

	2015 $	2014 $
Not later than one year	**522,715**	651,897
Later than one year but not later than five years	**9,369,688**	12,367,701
	9,892,403	13,019,598

Note 13: Trade and other payables

	2015 $	2014 $
Trade creditors	**252,996**	275,538
Other creditors and accruals	**143,799**	128,889
	396,795	404,427

(Expressed in Australian Dollars)

Note 14: Employee Benefits

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

	2015 $	2014 $
Current		
- Short term employee obligations	**80,608**	93,731
Non-current:		
- Long service leave entitlements	**939**	2,169
	81,547	95,900

The current portion of these liabilities represents the Company's obligations to its current employees that are expected to be settled before March 31, 2015. These obligations arise from accrued annual leave and superannuation entitlements at the reporting date.

Note 15: Financial Lease Obligations

	Note	2015 $	2014 $
Financial lease on vehicles			
Current liability net amount owing		**11,801**	3,638
Non-current liability net amount owing		**-**	11,798
Present value of minimum lease payments	22(b)	**11,801**	15,436

The Company entered into a finance lease contract for the purchase of one vehicle with a completion date of February 2016 (extended from February 2013). The vehicle is recorded at cost and classified as depreciable assets. The present value of the lease payments due including their residual payout is $11,801 (2014: $15,436). Title of the vehicle will transfer to the Company upon residual payment of $8,463 at the completion of the lease term.

Note 16: 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.

	2015 $	2014 $
Ordinary shares		
Issued and fully paid	**89,043,070**	86,686,256
	Number	**Number**
Number of shares on issue	**56,020,630**	44,820,630

On June 9, 2014, the Company announced that it entered into a share subscription agreement and received gross funds of $2,240,000 for a private placement of 11,200,000 shares of the Company at a price of $0.20 per share. The price per share is equal to approximately C$0.204 per share, based on the Reserve Bank of Australia exchange rate on June 9, 2014, and represents an approximately 46% premium to the closing price of the Company's TSX-listed shares on June 6, 2014.

(Expressed in Australian Dollars)

Note 16: Contributed equity and reserves (cont'd)

b) Reserves

	Consolidated	
	2015	**2014**
Share Based Payments Reserve	**$**	**$**
As at April 1	**3,896,987**	3,745,341
Cost of share-based payment transactions	**15,840**	151,646
Re-allocation of share reserves	**(143,857)**	-
As at March 31	**3,768,970**	3,896,987

c) Nature and purpose of reserves

Share-based payment reserve

The Company has issued stock options on specified terms, refer to note 18. 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 17: 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 August 29, 2012, replacing the Company's previous Stock Option Plan.

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 19). 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.

(Expressed in Australian Dollars)

Note 18: Options and Warrants

a) Options

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 summarized below:

	Year ended March 31, 2015		Year ended March 31, 2014	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	**4,175,000**	**$0.26 (CAD $0.27)**	845,000	$2.12 (CAD $2.25)
Granted	**1,400,000**	**$0.26 (CAD $0.25)**	4,175,000	$0.26 (CAD $0.27)
Forfeited	**(3,400,000)**	**$0.26 (CAD $0.25)**	(305,000)	$2.02 (CAD $2.07)
Expired	**-**	**-**	(540,000)	$1.83 (CAD $1.88)
Outstanding, end of year	**2,175,000**	**$0.28 (CAD $0.27)**	4,175,000	$0.26 (CAD $0.27)
Options exercisable, end of year	**2,175,000**	**$0.28 (CAD $0.27)**	4,175,000	$0.26 (CAD $0.27)

Share options under the Company's Share Compensation Plans outstanding at March 31, 2015 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date[1]
500,000	$0.26 (CAD$0.25)	18 December, 2016
975,000	$0.31 (CAD$0.30)	29 January, 2017
75,000	$0.31 (CAD$0.30)	9 June, 2017
625,000	$0.26 (CAD$0.25)	1 December, 2017

[1] 787,500 will lapse between June and July 2015, pursuant to the Share Compensation Plans, due to persons who have vacated employment of the Company.

The range of exercise prices for options outstanding at March 31, 2015 is CAD$0.25 to CAD$0.30.

The weighted average remaining contractual life for the share options as at March 31, 2015 is 2.06 years.

(Expressed in Australian Dollars)

Note 18: Options and Warrants (cont'd)

b) Warrants

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

	Year ended March 31, 2015		Year ended March 31, 2014	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	**-**	**-**	589,150	$2.41 (CAD $2.56)
Granted	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Forfeited	**-**	**-**	-	-
Expired	**-**	**-**	(589,150)	$2.50 (CAD $2.56)
Outstanding, end of year	**-**	**-**	-	-

Note 19: Share Based Compensation

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

The fair value calculated for options issued is expensed over their vesting period as share-based compensation in the statement of comprehensive loss and a corresponding amount is recorded to reserves. Upon exercise the fair value of the options is re-classified from reserves to contributed equity. The weighted average fair value of options granted during the period was $0.01 (March 2014 - $0.04). Refer to Note 18 for details of options granted during the year.

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

	Year ended March 31, 2015	Year ended March 31, 2014
	Weighted average	*Weighted average*
Share price	**CAD $0.075**	CAD $0.16
Exercise price	**CAD $0.25**	CAD $0.27
Risk-free interest rate	**1.00%**	1.12%
Expected life of options	**3 years**	3 years
Annualized volatility	**108.30%**	120.52%
Dividend rate	**0%**	0%

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

(Expressed in Australian Dollars)

Note 20: Related Party Transactions

a) Related party disclosure

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

Name	Country of Incorporation	% Equity Interest 2015	% Equity Interest 2014
Macarthur Midway Pty Ltd	Australia	100	100
Macarthur Iron Ore Pty Ltd	Australia	100	100

There were no transactions between the Company and related parties in the wholly owned Company during the year other than remuneration for key management personnel details of which are contained in Note 21.

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 21: 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

Non-executive Directors

J Toigo (resigned April 28, 2015)
J Starink (resigned April 28, 2015)
J Wall (resigned April 28, 2015)
R Patricio (resigned April 28, 2015)

Other key management personnel

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

Other company executives

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

(Expressed in Australian Dollars)

Note 21: Key Management Personnel (cont'd)

Details of Remuneration

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

2015	**Short Term Employee Benefits**			**Post-Employment Benefits**		**Share Based Payments**	
Directors	Cash Salary & Fees	Cash Bonus	Non-monetary benefits	Super-annuation	Retirement Benefits	Options	Total
	$	$	$	$	$	$	$
A S Phillips	316,663	-	-	-	-	1,943	318,606
J Starink [1]	81,435	-	-	-	-	486	81,921
J Toigo	57,500	-	-	-	-	-	57,500
J Wall	57,500	-	-	-	-	-	57,500
R Patricio	57,500	-	-	-	-	486	57,986
Other Company Executives							
A J Phillips	267,504	-	-	-	-	1,943	269,447
D Taplin	255,000	-	-	-	-	1,943	256,943
Total	**1,093,102**	**-**	**-**	**-**	**-**	**6,801**	**1,099,903**

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

Remuneration accrued and payable to key management personnel as at March 31, 2015 was $92,292.

Total remuneration of each key management personnel of the Company for the year ended March 31, 2014 is set out below.

2014	**Short Term Employee Benefits**			**Post-Employment Benefits**		**Share Based Payments**	
Directors	Cash Salary & Fees	Cash Bonus	Non-monetary benefits	Super-annuation	Retirement Benefits	Options	Total
	$	$	$	$	$	$	$
A S Phillips	324,996	-	-	-	-	28,447	353,443
J Starink [1]	70,325	-	-	-	-	3,973	74,298
J Toigo	57,500	-	-	-	-	3,973	61,473
J Wall	60,000	-	-	-	-	-	60,000
R Patricio	60,000	-	-	-	-	3,973	63,973
S Hickey [2]	22,500	-	-	-	-	-	22,500
Other Company Executives							
A J Phillips	267,504	-	-	-	-	28,447	295,951
D Taplin	255,000	-	-	-	-	28,447	283,447
Total	**1,117,825**	**-**	**-**	**-**	**-**	**97,260**	**1,215,085**

[1] J Starink was paid $10,325 for consulting services to the Company under a consultancy agreement, commencing September 1, 2012.

[2] Simon Hickey resigned on August 30, 2013.

Remuneration accrued and payable to key management personnel as at March 31, 2014 was $130,625.

(Expressed in Australian Dollars)

Note 21: Key Management Personnel (cont'd)

Cash Based Restricted Share Unit Plan

On 5 December, 2011 the executives were issued 480,943 Cash Based RSUs of which 60,118 vested during prior years.

On March 31, 2015, the executives surrendered 420,850 cash RSUs, leaving a balance of 0.

Note 22: Commitments

	Consolidated	
	2015	2014
	$	$
(a) Operating Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities:		
Within one year	**139,670**	197,005
Later than one year but not later than five years	**-**	139,670
Non-cancellable operating lease	**139,670**	336,675

Office space in Brisbane remains the only operating lease entered into by the Company.

	Note	Consolidated	
		2015	**2014**
		$	**$**
(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		**12,719**	4,639
Later than one year but not later than five years		**-**	12,716
Later than five years		**-**	-
Minimum Lease payments		**12,719**	17,355
Less future finance payments		**(918)**	(1,919)
Present value of minimum lease payments	15	**11,801**	15,436

Exploration Expenditures

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

Option Agreement E30/317

The Company entered into an option agreement on June 16, 2011 to acquire exploration tenement E30/317, with an area of 29 km^2. If the Company at its discretion chooses to exercise the option, a fee of $10,000,000 is payable to acquire the tenement. The option exercise period has been extended until December 16, 2015. The Company is required to keep the tenement in good standing during the option exercise period.

The Company has paid the initial acquisition cost of $100,000 and a further option fee of $200,000 on the first anniversary. As at the reporting date the Company has fully met the $500,000 expenditure requirement and has nil outstanding under the option agreement.

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

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

Note 23: Contingent Liabilities

a) Security Bonds

The Company has a contingent liability bank guarantee issued of $88,606 for office leasing arrangements in Brisbane.

b) Supreme Court Proceedings

In July 2012, LPD Holdings (Aust) Pty Ltd ("LPD") and Mayson Associates Limited ("Mayson") brought proceedings against the Company and some of its directors and officers. These proceedings were dismissed in November 2012 and the Company was awarded costs on an indemnity basis. LPD and Mayson appealed the indemnity costs order in the Queensland Court of Appeal and on October 11, 2013 the appeal was dismissed with costs of the appeal being awarded to the Company.

LPD brought new proceedings against the Company and some of its directors in November 2012. On November 26, 2013 those proceedings were stayed by consent pending payment of the indemnity costs order and the appeal costs order by LPD and Mayson.

The Company has recovered costs of $451,515 from LPD over the period from November 2014 to March 2015 and the matter is still stayed.

The Company will continue to vigorously defend the proceedings.

The Company is currently incurring minimal legal costs in relation to the Proceedings. Legal costs of these proceedings (if recommenced) up to and including the filing of the Company's defence are estimated to be between $100,000 and $150,000 (inclusive of Counsel's fees and excluding GST), depending on the steps the Company decides to take. If the proceedings continue to a full trial of the substantial issues, then the legal costs of the proceedings after the filing of the Company's defence are estimated to be at least between $400,000 to $600,000 (inclusive of Counsels' fees and excluding GST). The Company's future liability in relation to LPD's claim is unquantifiable.

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 and has paid (and continues to pay) the costs incurred by the respondent directors and officers in defending the July 2012 proceedings, the appeal and the proceedings. Other incidental costs that fall outside the policy have been incurred by the respondent directors and officers and the Company has indemnified them for those other incidental costs to date (subject to certain restrictions, including restrictions contained in the *Corporations Act 2001* (Cth)).

Note 24: Subsequent Events

a) Options

On May 14, 2015 pursuant to the Company's Consultant Share Compensation Plan, an aggregate of 560,000 incentive stock options were granted to the Non-Executive Directors of the Company. The options are exercisable for a 3 year period at CAD$0.046 per share and have no vesting conditions.

b) TSX De-listing

As previously announced by the Company on February 3, 2015, the TSX initiated a review process into the Company's continued listing on the TSX as a result of the decline in the market value of the Company's common shares pursuant to Part VII of the TSX Company Manual (market value of listed securities of $3.0 million for 30 previous consecutive trading days (S.711)). As Macarthur could not demonstrate that it met those requirements on June 3, 2015, the TSX determined that the Company's securities will be delisted from TSX on or before July 3, 2015.

The Company will list its common shares on the TSX Venture Exchange to ensure continued and seamless trading liquidity for shareholders on or before July 3, 2015.