MACARTHUR Minerals

Australian Annual Report

Year end 31 March 2015

HIGHLIGHTS

Macarthur has focused on optimising its Ularring Hematite Project ("Project") and Moonshine Magnetite Project throughout the year. Delays in the granting of additional export capacity at the Port of Esperance has created new opportunities in the Yilgarn/Esperance region for medium term access to existing rail and port capacity with the completion of mining at the Cliffs Natural Resources Inc.'s Koolyanobbing and Windarling iron ore mines within the next three years. The Company's continued focus is on de-risking the Project, which will position the Company to be able to quickly advance the Project as the global resource equities market recovers.

Project Revised Costs Estimates

Based on ongoing work conducted on the Project, Macarthur has, and continues to, re-evaluate the future development of the Project. In doing so it revised certain elements of the 2012 Preliminary Feasibility Study ("PFS"), including:

- reducing estimated **operating costs** by **13%** from A$78/tonne ("t") to **A$68/t** shipped free on board ("FOB")
- reducing estimated **capital expenditure** by **14%** from A$262 million ("m") to **A$226 m**
- increasing **annual production tonnage** from 2 million tonnes per annum ("Mtpa") to **4 Mtpa**

The 2012 PFS has:

- strong forecast earnings and high return on investment
- Probable Mineral Reserve of **42.95 Mt** @ 47% Fe[1]
- Low capital expenditure per tonne of production

Macarthur continues to re-evaluate the optimal method for development of the Ularring Hematite Project

[1] Current market conditions may impact on historical economic and financial results. See Directors' Report for full details

Significant Environmental Approvals

All environmental approvals granted

All environmental approvals have been obtained based on the Company's proposal to develop an iron ore mine and associated infrastructure at the Project location. In 2014, the Environmental Protection Agency conducted its annual compliance audit on the approval conditions placed on the Project. The audit found that Macarthur was to be operating in compliance with requirements.

Exploration & Metallurgy

During the financial year, exploration and metallurgical test work was undertaken in compliance with annual expenditure commitments for the tenement portfolio.

Ularring Hematite Project

Macarthur has sufficient Mineral Resources to commence production with an **indicated** hematite mineral resources of **54.4 Mt @ 47.2% Fe** and an **Inferred** hematite mineral resource of **26 Mt @ 45.4% Fe.**[2, 3]

Further ore characterisation work was completed in 2013/2014 and this has now been introduced to the Project's geological model. Metallurgical testing in late 2013 identified that the Ularring ore bodies are well classified into soft/hard material types, which beneficiate using either a gravity and/or magnetic recovery processes.

Moonshine Magnetite Project

The Moonshine Magnetite Project's resource is **1.3 Bt** inferred at an average grade of **30.1% Fe** [2] and is actively seeking a joint development partner.

Nickel and Gold

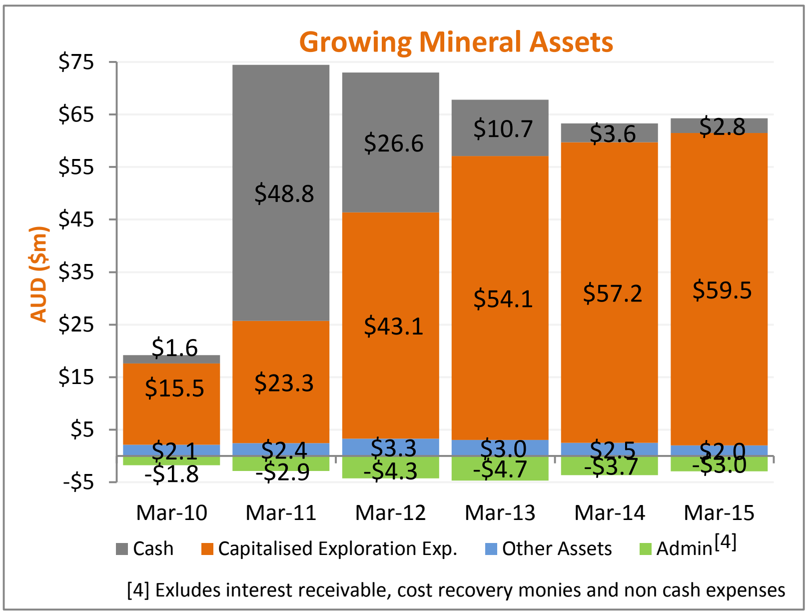
Macarthur completed a preliminary evaluation of the nickel and gold potential on the existing Macarthur tenements and is actively seeking a partner to continue the gold and nickel exploration.

[2] The Directors' Report contains full details of Mineral Reserves and Mineral Resources.

[3] Current market conditions may impact on historical economic and financial results.

Financial

- Macarthur's cash position as at 31 March 2015 was **$2.8 m**.
- The Company's total capitalised exploration assets as at 31 March 2015 were **$60.8 m.**
- As Macarthur moves towards feasibility, exploration expenditure will decrease and expenditure will be focused on economic studies to optimise Project value.



Moving Forward

Optimisation work completed over the last 12 months has advanced the understanding of the Project and the Moonshine Magnetite Project.

Access to export capacity at the Port of Esperance is emerging with the completion of mining by Cliffs Natural Resources Inc. at the adjacent Koolyanobbing and Windarling iron ore mines.

In the current iron ore commodity cycle, Macarthur's projects are very sensitive to currency movements; growth in the core iron ore markets of Japan, Korea and China; all reflecting on the spot iron ore price. Whilst Macarthur waits for the availability of export capacity, the Company is focussing on:

1. reviewing alternative development scenarios away from the stand alone project; and
2. the identification of counter cyclical mining investment projects that complement the skill set of the Company.

The Company remains positive on the outlook for continued global growth in iron ore demand and our focus remains upon the delivery of shareholder value driven by production cash flows.

Earl Evans

Non-Executive Chairman

ACN 103 011 436

Annual Report - Year ended 31 March 2015

Contents **Page**

Corporate Directory
31 March, 2015

Stock Exchange Listing

Macarthur Minerals Limited (the "Company" or "Macarthur") is an Australian 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 will be delisted from the TSX and will list on the TSX Venture Exchange ("TSX-V") on or before July 3, 2015. The Company is incorporated in Australia and registered in Queensland.

Directors

Earl Evans, Chairman (appointed 27 April 2015 and as Chairman 14 May 2015)
Alan Spence ("Alan") Phillips, (resigned as Chairman 14 May 2015)
Alan Joseph ("Joe") Phillips, CEO (appointed 27 April 2015)
David Taplin, CFO, General Counsel and Company Secretary (appointed Executive Director 27 April 2015)
Cameron McCall (appointed 27 April 2015)
John Toigo (resigned 27 April 2015)
Jon Starink (resigned 27 April 2015)
Jeffrey Wall (resigned 27 April 2015)
Richard Patricio (resigned 27 April 2015)

Company Secretary

David Taplin

Registered and Head Office

Level 20
10 Eagle Street
Brisbane QLD 4000
Australia
Telephone: +61 7 3221 1796
Fax: +61 7 3221 6152
Email: communications@macarthurminerals.com

Website address: www.macarthurminerals.com

Canadian Share Registry

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

Website address: www.computershare.com

Australian Share Registry

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

Website address: www.computershare.com.au

Auditors – Australia

Hayes Knight Audit (Qld) Pty Ltd
Level 23,
10 Eagle Street
Brisbane Qld 4000
Australia
Telephone: +61 7 3229 2022
Fax: +61 7 3229 3277

Website address: www.hayesknight.com.au

Auditors – Canada

Davidson & Company LLP
1200-609 Granville Street
PO Box 10372 Pacific Centre
Vancouver BC V7Y1G6
Canada
Telephone: +1 604 687 0947
Fax: +1 604 687 6172

Website address: www.davidson-co.com

Your directors present their report together with the financial statements of the consolidated entity (referred to hereafter as the Group) consisting of Macarthur Minerals Limited ACN 103 011 436 and the entities it controlled at the end of, or during, the year ended 31 March, 2015. 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 Earl Evans Chairman (appointed 14 May 2015) Non-Executive Independent Director (appointed 27 April 2015) Member of Audit Committee	Mr Evans was appointed as a Non-Executive Independent Director on 27 April 2015 and as Chairman on 14 May 2015. Mr Evans has held a range of management and executive roles throughout his 23 year career within the Financial Services industry. He has extensive experience as an investment banking executive including as Executive Director within the Macquarie Group Limited for 11 years spending the last 5 years in Canada as head of Banking and Financial Services for North America. Mr Evans has significant previous experience as a board director and has vast international and Australian based business expertise and relationships. Mr Evans is currently a Director of Shaw Stockbroking, and head of its Private Wealth Division.
Mr Alan S Phillips Executive Director (resigned as President and CEO 27 April 2015 and Chairman 14 May 2015)	Mr Alan 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 40 years. Mr Phillips specialises in start up and turnaround companies across a broad range of industries, but predominantly in the mining and exploration of copper, gold, ethanol and iron ore and technology sectors.
Mr Joe Phillips Executive Director and CEO (appointed 27 April 2015, formerly COO)	Mr Phillips was appointed as Executive Director and CEO on 27 April, 2015, previous to this he was the COO (appointed 15 October 2010). Mr Phillips had an extensive 16 year career in public administration with eight years as the general manager for economic development for the city of Brisbane, followed by a period as a member of the executive of Energex, the Queensland Government owned Electricity Company and completing this phase of his career as the executive responsible for the privatisation of Queensland Government owned lottery business. Educated at the University of Queensland he combines strong project management skill with a discipline in economics and a detailed understanding of the operation of public administrations and the elected governments in Australia
Mr David Taplin Executive Director (appointed 27 April 2015) CFO, General Counsel & Company Secretary Member of Audit Committee	Mr Taplin was appointed as an Executive Director on 27 April, 2015. Mr Taplin was appointed as the CFO and 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 and TSX-V companies and government-owned corporations, with a particular focus on resources and energy. Mr Taplin has worked extensively in corporate finance, corporate law and corporate governance both in Australia and internationally. He has 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 (AGIS and FGIA) and member of the Australian Institute of Company Directors.

Directors (Cont'd)

Name, Independence Status and Special Responsibilities	Experience, expertise and qualifications
Mr Cameron McCall Non-Executive Lead Independent Director (appointed 27 April 2015) Chair of Audit Committee	Mr McCall was appointed as a Non-Executive Independent Director on 27 April 2015. Mr McCall has a wealth of experience across the financial services and commercial property industries within Australia and internationally. He has been providing investment advice, equity capital raising and share trading for over 17 years to corporate entities and private clients at Hartleys Limited and Macquarie Bank Limited. Mr McCall has during his 40 year career built an extensive network of international and Australian based high net worth individuals and corporate entities. Mr McCall is currently running a corporate advisory business providing advice on asset acquisition and capital raising to international and Australian based organisations.
Mr John Toigo Non-Executive Independent Director (resigned 27 April 2015) Formerly Chair of Audit Committee and member of Remuneration and Nomination Committee	Mr Toigo was appointed to the board on 31 August, 2009 and resigned on 27 April, 2015. 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 & resources lawyer with particular emphasis on capital raisings, public and private, mergers and acquisitions, companies and securities regulation, resource projects, 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, Law Society of New South Wales, and the Resources and Energy Law Association.
Mr Jon Starink Non-Executive Director (resigned 27 April 2015)	Mr Starink was appointed to the board on 23 June, 2011 and resigned on 27 April, 2015. 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.
Mr Richard Patricio Non-Executive Independent Director (resigned 27 April 2015) Formerly a member of Audit Committee and Remuneration and Nomination Committee	Mr Patricio was appointed to the board on 18 September, 2012 and resigned on 27 April, 2015. Mr Patricio is acting CEO and the 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 Australian and 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.
Mr Jeffrey Wall Non-Executive Independent Director, (resigned 27 April 2015) Formerly Chair of Remuneration and Nomination Committee and Member of Audit Committee	Mr Wall, CBE, was appointed to the board on 15 June, 2012 and resigned on 27 April, 2015. Mr Wall, CBE, is a political advisor, company director and Chairman of Ferguson Cannon, lawyers. 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 to 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.

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	-	-
Joe Phillips	-	-
David Taplin	-	-
Cameron McCall	-	-
Earl Evans	-	-
John Toigo	-	-
Jon Starink	Gippsland Ltd (ASX: GIP)	8 May, 2007 – Current
Jeffrey Wall	-	-
Richard Patricio	Macusani Yellowcake Inc (TSX:YEL) Toro Energy Ltd (ASX: TOE) Energy Fuels Inc (TSX: EFR) Caledonia Mining Corp (TSX: CAL) NexGen Energy Ltd (CN:NXE) U3O8 Corp (TSX: UWE) Terreno Resources Corp (TSX-V: TNO) Mega Precious Metals Inc (TSX-V: MGP) Dejour Energy Inc (TSX: DEJ) Mooncor Oil & Gas Corp. (TSX-V: MOO) X-Terra Resources Corp. (TSX-V: XT) Titan Uranium Inc. (TSX-V: TUE)	April 7, 2014 - Current 19 Nov, 2013 – Current 29 Feb, 2013- Current 15 May, 2013 – Current 12 Dec, 2012 – Current 16 Feb, 2010 - Current 19 Aug, 2010 – Current 3 Oct, 2005 – Current 15 Sep, 2008 – 21 Sep, 2012 28 Jul 2011 - 21 Sep, 2012 23 Jul 2008 - 15 May, 2012 31 Jul 2009 - 29 Feb, 2012

Company Secretary

Mr David Taplin was appointed company secretary on 31 August, 2009. See profile on Mr Taplin above under "Directors".

Principal Activities

Macarthur Minerals Limited 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 resources in Western Australia. The Company will be delisted from the TSX and will list on the TSX Venture Exchange ("TSX-V") on or before July 3, 2015.

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

(together the "Macarthur Iron Ore Projects").

Principal Activities (Cont'd)

The Macarthur Iron Ore Projects are located on exploration and mining tenements covering approximately 645 km^2 (as at 24 June, 2015) 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.

The Company is also undertaking investigation regarding nickel and gold prospectivity on some tenements but it has not been delineated as a separate project.

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

	Year ended 31 March 2015 $	Year ended 31 March 2014 $
Administration Expenses	**3,198,722**	**4,075,501**
Interest Income	**100,299**	**269,160**
Other Income	**1,879,886**	**-**
Net loss for the year	**1,218,537**	**3,806,341**

The Group's consolidated loss for the year ended 31 March, 2015 amounted to $1,218,537 after income tax. As an exploration and evaluation 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 68% decrease on the prior year's loss of $3,806,341. This decrease is mainly attributable to recovery of legal proceedings costs of $1,879,886, a reduction in interest income and reduction in personnel and professional fees.

Financial Position

Australian $	Year ended March 31, 2015	Year ended March 31, 2014
Cash and cash equivalents	2,807,129	3,628,858
Exploration and Evaluation assets	60,800,223	58,491,921
Property, Plant and Equipment	468,517	683,684
Total Assets	64,272,485	63,287,845
Accounts payable and accrued liabilities	396,795	404,427
Total Liabilities	490,143	515,763
Net Assets	63,782,342	62,772,082
Net Working Capital	2,514,541	3,610,444

At 31 March, 2015 the Company had net assets of $63,782,342 compared to $62,772,082 at 31 March, 2014. The increase is due to capital raised in the year and expenditure on exploration and evaluation assets.

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

The Company's cash and cash equivalents balance was $2,807,129 at 31 March, 2015 which was a decrease of $821,729 from 31 March, 2014. Since 31 March, 2014 the value of exploration and evaluation assets has increased by $2,308,302 and accounts payable and accrued liabilities decreased by $7,632.

Property, plant and equipment was $468,517 at 31 March, 2015 reflecting the depreciated book value of various site and office equipment, including vehicles.

The Company's net working capital at 31 March, 2015 was $2,514,541 compared with net working capital of $3,610,444 at 31 March, 2014. The decrease in the net working capital over the year is due to exploration, evaluation and administrative expenditure.

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 realisation through sale of part or all of the exploration asset, none of which is assured. This depends upon the realisation of economic, operating and trading assumptions about future events and actions, which may not necessarily occur, and the successful implementation of management plans to commercialise its mining projects through development or sale and to manage the 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.

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.

ULARRING HEMATITE PROJECT ("Project")

Mineral Resource

The Project's Mineral Resource, as set out in Table 1 and 2, was first announced on 14 June, 2012 (NI 43-101 Technical Report filed 29 June, 2012, titled "NI 43-101 Technical Report, Macarthur Minerals Limited, Hematite Mineral Resource, Ularring Hematite Project, Western Australia").

Table1 - 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	0.059	16.9	6.5	7.9	0.16
Inferred	25.99	45.4	0.063	20.6	6.0	7.2	0.09

***Note**: The 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. Refer to the 2012 PFS for more information.*

Table 2 - 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	0.05	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

***Note:** The 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. Refer to the 2012 PFS for more information.*

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

The Company previously reported a Probable Mineral Reserve of 42.95 Mt @ 47% Fe (NI 43-101 Technical Report filed 1 October, 2012, titled "Technical Report, Macarthur Minerals Limited Pre-Feasibility Study Ularring Hematite Project Western Australia" ("2012 PFS")), as set out in in Table 3.

Table 3 - Ularring Mineral Reserve Estimate by Deposit, as at 31 July, 2012

Deposit	Category	Tonnes Mt	Fe %	P %	SiO_2 %	Al_2O_3 %	LOI %	S %
Snark/ Drabble Downs	Probable	26.24	47.0	0.06	15.4	6.4	8.1	0.20
Central	Probable	11.18	46.6	0.05	14.7	7.5	8.3	0.14
Banjo	Probable	5.53	47.5	0.06	15.7	6.4	7.4	0.15
TOTAL	**Probable**	**42.95**	**47.0**	**0.06**	**15.2**	**6.7**	**8.1**	**0.18**

Note: *Mineral Reserves estimated at a cut-off grade of 41% Fe, consistent with metallurgical test work results. The Mineral Reserves constitute 70% of the total Indicated Mineral Resource. Refer to the 2012 PFS for more information.*
Given the passage of time since the Mineral Reserve estimate was made and the continued volatility in the commodities markets, a revised analysis would need to be conducted to confirm whether the Mineral Reserve is still the economically mineable part of the Indicated Mineral Resource as demonstrated by the 2012 PFS.

On 23 January, 2014 the Company announced an update to the Project based upon revised cost estimates, resulting in reduced opex and capex estimates on work undertaken, including:

- reducing estimated operating costs by 13% from A$78/t to A$68/t shipped FOB
- reducing estimated capital expenditure by 14% from A$262 m to A$226 m
- increasing annual production tonnage from 2 Mtpa to 4 Mtpa

No new economic assessment has been undertaken beyond the 2012 PFS economic analysis=. New reserve estimations and a full economic reassessment will be undertaken as a part of the Feasibility Study ("FS").

Environmental Approvals

On October 24, 2013 the Company received approval to develop an iron ore mine for the Project and associated infrastructure at the project location under the *Environmental Protection Act 1986* ("EP Act") and the *Environmental and Biodiversity Conservation Act 1999* ("EPBC Act"). A number of ongoing compliance conditions are imposed with the approval. The Project is well placed to fulfil these conditions as the Company plans for project execution.

Exploration Activities

During the year the Company conducted various exploration activities including, metallurgical test work, water exploration and pisolite exploration.

Moving Towards Development

Macarthur has been undertaking a process with the assistance of external advisors to secure a strategic investment partner to facilitate moving towards the development of the Project. There are a number of opportunities for an investor to make a foundation investment in the form of an equity investment into the Company, earn into the Project, the provision of primary debt, off-take, or mining and processing financing. Any initial working capital investment would enable Macarthur to complete a FS and contribute to the Project's working capital.

On 26 November, 2014 the Company announced that it had entered into a Memorandum of Understanding ("MOU") with ATEC Rail Group Limited ("ARG") to review iron ore acquisition opportunities in the Yilgarn region of Western Australia.

ARG is an Australian based below rail infrastructure company specialising in delivering customised rail infrastructure solutions. ARG has successfully invested in developing open access bulk commodity freight infrastructure. Its focus is on developing, owning, financing and operating the freight infrastructure for bulk commodity clients. ARG's largest shareholder is the US based The Energy & Minerals Group ("EMG"), which is a specialised private investment firm with regulatory assets under management of US$17.5 billion.

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

EMG targets equity investments in the energy and minerals sectors with talented and experienced management teams to develop and own hard assets. ARG welcomed EMG as its major shareholder in 2010. ARG has offices in Brisbane, Sydney and Perth.

The MOU was entered into for the purpose of negotiating agreements for:

- forming a consortium to assess, and if agreed, make a bid for available assets in the Yilgarn region;
- carrying out of a transaction with a view to Macarthur acquiring ownership and operating iron ore mining assets and ARG acquiring ownership and operating and maintaining the infrastructure assets associated with transporting iron ore from the mine to port; and
- Macarthur and ARG to work together to develop new infrastructure assets in the Yilgarn region to connect iron ore projects within the region and in particular connecting the Project to those assets.

MOONSHINE MAGNETITE PROJECT

The Inferred Mineral Resource estimate for the Moonshine Magnetite Project was initially prepared by CSA Global Pty Ltd (NI43-101 Technical Report filed 17 December, 2009, titled "NI43-101 Technical Report on Lake Giles Iron Ore Project: Western Australia") and was updated by Snowden Mining Industry Consultants (NI43-101 Technical Report filed 25 March, 2011, titled "Macarthur Minerals Limited: Moonshine and Moonshine North Prospects, Lake Giles Iron Project, Western Australia, NI43-101 Technical Report – Preliminary Assessment").

Table 4 - Moonshine Magnetite Project Inferred Mineral Resource Estimate

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

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

The Company continues to seek a 'farm-in' partner for the development of the Moonshine Magnetite Project.

GOLD AND NICKEL EXPLORATION

Prior to acquisition of the Macarthur Iron Ore Projects by Macarthur, there were two periods of limited exploration activity for nickel over parts of the present tenement package.

The tenements were briefly explored for nickel during the late 1960s nickel boom and were then further explored by several companies for gold in the mid 1990s with only very limited shallow reconnaissance drilling undertaken by these explorers.

Historical data, new geological, geophysical and geochemical data obtained in the course of Macarthur's extensive geological investigation of the BIF between 2007 and 2013, shows that there is potential for nickel sulphide and gold mineralisation within the extensive ultramafic rock package hosting the BIFs.

The Company announced the results for nickel drilling conducted in 2013 at the Macarthur Iron Ore Projects (Press Release, Update on Macarthur Minerals' Iron Ore Projects, 14 January, 2014). Macarthur drilled diamond hole LGDD_054, to test high grade magnetite. This hole was collared in ultramafic and contained unusual textures and veins of a black mineral thought to be after sulphide. Assaying of the core returned from 4.5 m to 28.0 m (23.5 m) 0.85% nickel ("Ni") and this included 1.03% Ni over an 11.5 m interval from 10.5 m to 22.0 m at an estimated true width of around 8 m. The intersection also shows very low calcium and high magnesium and chromium. The rock is highly weathered and is therefore not conclusive evidence for presence of nickel sulphides, but is encouraging.

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

The review and evaluation of geochemical and geophysical data has identified significant exploration targets for nickel. These targets include some fifteen areas considered prospective for discovery of sulphide style nickel within the belt of ultramafic rocks. The targets are associated with potentially significant anomalous highly magnetic ultramafic footwall 'bulges', which may represent a thickening and embayment of the komatiite flow into the footwall stratigraphy.

Much of the Macarthur's historical nickel exploration data together with recent observations suggests a favourable environment for the occurrence of nickel sulphide deposits.

Macarthur is seeking a partner to continue the gold and nickel exploration.

TENEMENTS

At 31 March, 2015 the Company held and/or managed mineral tenure totalling 23 tenements consisting of 17 Mining Leases and six Exploration Licences covering a total area of approximately 325 km^2 including Exploration Licence E30/0317, with an area of 28.5 km^2, which the Company manages and maintains an option to acquire, pursuant an option agreement dated 16 June, 2011. In addition the Company also held nine Miscellaneous Licences, covering 224 km^2, for the purpose of infrastructure such as haul roads, rail loading and water exploration. These licenses do not have associated expenditure commitments. The total tenement package covered 549 km^2.

During the year ended 31 March, 2015, two new Miscellaneous Licences were granted to the Company for a rail siding and haul road. In addition, non-prospective tenure including 13 Exploration Licenses and seven Prospecting Licenses were relinquished resulting in an overall reduction in mineral tenure and expenditure commitments.

At 24 June, 2015 the Company holds tenure covering approximately 645 km^2, due to net increases in tenement area resulting from acquisitions and relinquishments since 31 March, 2015.

CURRENT AND FUTURE FOCUS

On 28 April, 2015 the Company announced that since late 2014, Macarthur has been actively:

- evaluating its core tenement portfolio and seeking a joint venture partner to offset the holding costs of the Macarthur Iron Ore Projects;
- pursuing alternative development scenarios; and
- identifying counter cyclical investments that complement Macarthur's capabilities.

The delivery of a short term commercial outcome for the Project is constrained at prevailing iron ore prices. The Project still remains a valuable asset, because of its advanced status. For the immediate future, the Company's focus is on securing the core Project assets and waiting for improved market conditions, as well as looking for new project opportunities.

Since 2013, Macarthur has been reducing its geological, engineering and environmental teams as the Project completed its 2012 PFS and obtained environmental approvals. In 2015, another round of re-structuring has occurred that will retain a core technical and commercial team focused on new project evaluation.

The Company, in the short term has reduced expenditures to predominately its tenement holding costs and maintaining key personnel.

As announced on 14 May 2015, the Company continues to seek new project opportunities.

Report on Corporate Activities

Corporate Activities during the year ended 31 March, 2015

(i) Private Placement

On 24 July, 2014, the Company closed a private placement for gross proceeds of AUD$2,240,000 for the issue of 11,200,000 shares of the Company at a price of AUD$0.20 per share representing a 46% premium to the closing price of the Company's TSX-listed shares on 6 June, 2014.

(ii) Change of Australian Auditors

Hayes Knight was appointed the Company's Australian auditor following resignation of Pilot Partners and approval by shareholders at the Company's Annual General Meeting, held on 28 August 2014. Davidson and Company continues to act as the Company's Canadian auditor.

(iii) TSX Listing Review

On 3 February, 2015 the Company received notice from the TSX that it was reviewing the common shares of the Company with respect to meeting the continued listing requirements of TSX. The review process was conducted as a result of the decline in the market value of the Company's common shares pursuant to Part VII of the TSX Company Manual. See section (ii) of Corporate Activities since the year ended 31 March, 2015 below for result of this review.

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

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 11 October, 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 26 November, 2013 those proceedings were stayed by consent pending payment of the indemnity costs of the dismissed proceedings and the appeal costs 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.

(v) First Strategic Development Corporation Ltd (in liquidation)

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

Report on Corporate Activities (Cont'd)

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.

Corporate Activities since the year ended 31 March, 2015

(i) Change in Board

On 28 April, 2015 the Company announced that Non-Executive Directors, Messrs. Toigo, Starink, Patricio and Wall resigned from the Board, and two new non-executive directors, Mr Earl Evans and Mr Cameron McCall were appointed. Further, that Mr Joe Phillips the current COO, had taken over the role of CEO from Mr Alan Phillips. On the same date, Mr Joe Phillips and Mr David Taplin, the current CFO, General Counsel & Company Secretary, were appointed as Executive Directors. The former CEO, Mr Alan Phillips, remained as Executive Director but on 14 May, 2015, Mr Earl Evans replaced Mr Alan Phillips as Chairman

(ii) TSX De-listing

As Macarthur was unable to demonstrate that it met the requirements of Part VII of the TSX Company Manual on 3 June, 2015 the TSX determined that the Company's securities will be delisted from TSX on or before 3 July, 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 3 July, 2015.

Likely future developments and expected results

Other than matters mentioned in current and future focus section above, 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. Business risk associated with future plans relate to the ability to successfully develop the Company's Project.

Environmental Regulations

The Group currently conducts exploration and evaluation 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 standard 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.

The Company is currently engaged in exploration and evaluation 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[1]	Issue Price of Shares (CAD$)	Number under option
19 December 2013	18 December 2016	0.25	500,000
30 January 2014	29 January 2017	0.30	600,000
10 June 2014	9 June 2017	0.30	75,000
2 December 2014	1 December 2017	0.30	437,500
14 May 2015	13 May 2018	0.046	560,000
			2,172,500

[1] 225,000 will lapse in July 2015, pursuant to the Share Compensation Plans, due to persons who have vacated employment of the Company.

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

Shares issued on the exercise of options

No ordinary shares of the Company were issued on the exercise of options granted under the Company's Share Compensation Plan during the year ended 31 March, 2015.

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

There are no unissued ordinary shares of the Company under warrant at the date of this report.

Shares issued on the exercise of warrants

No ordinary shares of the Company were issued during the year ended 31 March, 2015 on the exercise of warrants.

Information on Directors

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

Director	Ordinary Shares	Options	Warrants
A S Phillips	-	-	-
A J Phillips (appointed 27 April 2015)	146,309	-	-
D Taplin (appointed 27 April 2015)	298,224	-	-
C McCall (appointed 27 April 2015)	-	-	-
E Evans(appointed 27 April 2015)	-	-	-
Jacqueline Phillips, A J Phillips, D Taplin [1]	2,909,000	-	-
J Toigo (resigned 27 April 2015)	-	-	-
J Starink (resigned 27 April 2015)	-	-	-
J Wall(resigned 27 April 2015)	-	-	-
R Patricio (resigned 27 April 2015)[1]	79,900	-	-

[1]See Note 22 for further details.

Meeting of Directors

The number of meetings of the Company's board of directors held during the year ended 31 March, 2015, and the number of meetings attended by each director were:

	Number of Board Meetings Attended	Number Eligible
A S Phillips	7	7
J Toigo	7	7
J Starink	7	7
J Wall, CBE	7	7
R Patricio	7	7

The number of meetings of the Company's Audit Committee held during the year ended 31 March, 2015, and the number of meetings attended by each member were:

	Number of Audit Committee Meetings Attended	Number Eligible
J Toigo, Chairman of Audit Committee (appointed as Chairman 30 August, 2013)	6	6
J Wall	6	6
R Patricio (appointed to Audit Committee 30 August 2013)	6	6

The Company's Remuneration and Nomination Committee held no meetings during the year ended 31 March, 2015, but agreed various matters by circular resolution.

Insurance and Indemnification of Officers

Insurance Premiums

During the financial year, the Company paid premiums of $108,546 to insure the directors, officers and employees ("D&O Insurance") of the Company and its Australian based controlled entities. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against persons in their capacity as directors, officers and employees of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnification

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

Pursuant to an indemnity within the constitution and Deeds of Indemnity entered into with the directors and officers of the Company, the Company is indemnifying the respondent directors and officers for the reasonable legal costs of defending an action against them (subject to certain restrictions, including restrictions contained in the *Corporations Act 2001* (Cth)). The respondent directors have made 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 $67,097 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 Hayes Knight's independence declaration is required under section 307C of the *Corporations Act 2001(Cth)* and is set out on page 15.

Auditor

Hayes Knight were appointed auditors during the year in accordance with section 327B of the *Corporations Act 2001 (Cth).*

Signed in accordance with a resolution of directors.

Earl Evans
Non-Executive Chairman

Brisbane
24 June, 2015

Hayes Knight
Accountants, Advisors & Auditors

Hayes Knight Audit (Qld) Pty Ltd
ABN 49 115 261 722
Registered Audit Company 299289

Level 23, 10 Eagle Street, Brisbane Qld 4000
GPO Box 1189, Brisbane Qld 4001

T: +61 7 32292022 F: +61 7 32293277
E: email@hayesknightqld.com.au

www.hayesknight.com.au

Auditor's Independence Declaration

Under Section 307C of the *Corporations Act 2001*

To the Directors of Macarthur Minerals Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2015 there have been no contraventions of:

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

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

Hayes Knight Audit (Qld) Pty Ltd

Hayes Knight Audit (Qld) Pty Ltd

Nigel Bamford

N D Bamford
Director

Date: 24 June 2015

Financial Report - 31 March, 2015

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 24 June, 2015. The directors have the power to amend and reissue the financial report.

Consolidated Statement of Profit or Loss and Comprehensive Income
For the year ended 31 March, 2015

	Notes	Consolidated 2015 $	2014 $
EXPENSES			
Depreciation	6(a)	**(217,311)**	(261,795)
Investor relations		**(39,100)**	(101,310)
Office and general expense		**(363,552)**	(383,577)
Personnel costs	6(b)	**(1,494,254)**	(1,620,485)
Professional fees	6(c)	**(733,212)**	(1,208,273)
Rent		**(133,097)**	(127,071)
Share based compensation	6(b)	**(15,840)**	(151,646)
Share Registry, filing and listing fees		**(115,197)**	(145,138)
Travel and accommodation		**(87,159)**	(76,206)
Total administrative expenses		**(3,198,722)**	(4,075,501)
REVENUE			
Interest Income	6(d)	**100,299**	269,160
Other income	6 (e)	**1,879,886**	-
Net loss before income tax		**(1,218,537)**	(3,806,341)
Income tax expense	7	**-**	-
Net loss for the year		**(1,218,537)**	(3,806,341)
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income/(loss) for the year from continuing operations		**(1,218,537)**	(3,806,341)
Basic loss per ordinary share	8	**(0.02)**	(0.08)
Diluted loss per ordinary share	8	**(0.02)**	(0.08)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
As at 31 March, 2015

	Notes	Consolidated 2015 $	2014 $
ASSETS			
Current assets			
Cash and cash equivalents	9	**2,807,129**	3,628,858
Other receivables	10	**39,647**	71,659
Other assets	11	**156,969**	411,723
Total Current Assets		**3,003,745**	4,112,240
Non-current Assets			
Property, plant and equipment	12	**468,517**	683,684
Exploration and evaluation assets	13	**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			
Current liabilities			
Trade and other payables	14	**396,795**	404,427
Provisions	15	**80,608**	93,731
Borrowings	16	**11,801**	3,638
Total Current Liabilities		**489,204**	501,796
Non-current Liabilities			
Employee benefits	15	**939**	2,169
Financial Liabilities	16	**-**	11,798
Total Non-current Liabilities		**939**	13,967
TOTAL LIABILITIES		**490,143**	515,763
NET ASSETS		**63,782,342**	62,772,082
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	17(a)	**89,840,179**	87,483,365
Accumulated losses		**(36,271,564)**	(35,053,027)
Reserves	17(b)	**10,213,727**	10,341,744
TOTAL EQUITY		**63,782,342**	62,772,082

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the year ended 31 March, 2015

	Contributed Equity	Reserves	Accumulated Losses	Total Equity
	$	$	$	$
Balance 1 April, 2013	87,483,365	10,190,098	(31,246,686)	66,426,777
Profit (Loss) for the year	-	-	(3,806,341)	(3,806,341)
Total other comprehensive income for the year	-	-	-	-
Transactions with owners in their capacity as owners:				
Share- based compensation[1]	-	151,646	-	151,646
	-	151,646	(3,806,341)	(3,654,695)
Balance at 31 March, 2014	**87,483,365**	**10,341,744**	**(35,053,027)**	**62,772,082**

	Contributed Equity	Reserves	Accumulated Losses	Total Equity
	$	$	$	$
Balance 1 April, 2014	87,483,365	10,341,744	(35,053,027)	62,772,082
Profit (Loss) for the year	-	-	(1,218,537)	(1,218,537)
Total other comprehensive income for the year	-	-	-	-
Transactions with owners in their capacity as owners:				
Share- based compensation[1]	-	15,840	-	15,840
Re-allocation of share reserves[1]	143,857	(143,857)	-	-
Private Placement[1]	2,240,000	-	-	2,240,000
Share issue costs[1]	(27,043)			(27,043)
	2,356,814	(128,017)	(1,218,537)	1,010,260
Balance at 31 March, 2015	**89,840,179**	**10,213,727**	**(36,271,564)**	**63,782,342**

[1] Refer to Note 17

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the year ended 31 March, 2015

	Notes	Consolidated 2015 $	Consolidated 2014 $
Cash flows from 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/(to) security deposits		**228,014**	69,484
Net cash flows used in operating activities	9	**(686,745)**	(3,189,458)
Cash flows from investing activities			
Plant and equipment purchases		**(2,417)**	54,993
Plant and equipment proceeds		**273**	-
Exploration and evaluation additions		**(2,342,162)**	(3,828,390)
Net cash flows used in investing activities		**(2,344,306)**	(3,773,397)
Cash flows from financing activities			
Proceeds from share issues		**2,240,000**	-
Share issue and placement costs		**(27,043)**	-
Receipt/(Repayment) of borrowings		**(3,635)**	(81,456)
Net cash flows from financing activities		**2,209,322**	(81,456)
Net decrease/increase in cash and cash equivalents		**(821,729)**	(7,044,311)
Cash and cash equivalents at beginning of period		**3,628,858**	10,673,169
Cash and cash equivalents at end of period	9	**2,807,129**	3,628,858

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 evaluation of iron ore projects in Western Australia. The Company will be delisted from the TSX and will list on TSX-V on or before July 3, 2015.

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.

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.

The financial statements were authorised for issue on 24 June, 2015 by the directors of the Company.

Note 2: Summary of Significant Accounting Policies

Material financial accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the consolidated entity consisting of Macarthur Minerals Limited and its subsidiaries. Refer to Note 21 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)* .

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.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

b) Going concern

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

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 continuing 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 realisation through sale of part or all of the exploration asset, none of which is assured. This depends upon the realisation of economic, operating and trading assumptions about future events and actions, which may not necessarily occur, and the successful implementation of management plans to commercialise its mining projects through development or sale and to manage the 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.

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

b) Going concern (cont'd)

During the year ended 31 March, 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, on 17 March, 2015 the Company announced that it had recovered legal costs of $1,879,886 relating to the LPD and FSDC (in liquidation) legal actions. Refer to Note 25 for further details.

Management has prepared a budget approved by the Board of Directors, reducing expenditures over the coming twelve months, compared to the year ended 31 March, 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 consolidated financial report incorporates the assets, liabilities and results of all subsidiaries controlled by the Company as at 31 March, 2015. Refer to Note 21 for details on subsidiaries.

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

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

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.

d) 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 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:

- 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

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

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

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

- exploration and/or evaluation activities in the areas of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas are continuing.

Exploration and evaluation expenditure which no longer satisfies the above policy are impaired and expensed to the Statement of Profit or Loss and Comprehensive Income.

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.

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 profit and loss and other comprehensive income during the financial period in which they are incurred.

Depreciation on 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 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)(v) for details of impairment).

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

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

(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 profit or loss and other 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.

(ii) 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.

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

g) Financial Instruments (cont'd)

(iii) 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 profit or loss and other 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.

(iv) 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 profit or loss and other comprehensive income.

(v) 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 profit or loss and other 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.

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 profit or loss and other comprehensive income, except when they are deferred in equity as qualifying cash flow or net investment hedge.

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 profit or loss and other 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 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, leave and superannuation

Liabilities for salaries, including 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 to the Share Compensation Plans, refer to Note 18.

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

n) Employee benefits (cont'd)

(iii) Share based compensation (cont'd)

The fair value of compensation 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 profit or loss and other 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 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 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.

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.

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

p) Goods and services tax

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

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

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

q) Income tax

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. 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.

(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) Minerals Resource Rent Tax

The Australian Government passed on 5 September 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 MRRT.

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

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.

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.

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 and judgements 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.

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

u) Critical accounting estimates and judgements (cont'd)

(ii) 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.

(iii) *Going concern basis*

As set out in note 2(b), the Financial Report has been prepared on a going concern basis.

v) Fair Value Measurement

There are no assets or liabilities measured at fair value on a recurring basis, or non-recurring basis, after initial recognition. For financial assets and liabilities their fair values approximate carrying values due to their short term nature.

w) 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.

x) 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 31 March, 2015.

y) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB relevant to the Group but are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements, are discussed below:

– *AASB 9: Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018, as further amended by Part E of AASB 2014-1).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

  It is not expected to have a significant impact on the Group's financial statements.

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

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

– *AASB 2014-1: Amendments to Australian Accounting Standards*

Part A of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and makes the following significant amendments:

- revises/adds the definitions of the terms "market condition", "performance condition" and "service condition" in AASB 2: Share-based Payment;
- clarifies that contingent considerations arising in a business combination should be accounted for as items of equity or liability and not as provisions in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets;
- requires additional disclosures when an entity aggregates its operating segments into one reportable segment in accordance with AASB 8: Operating Segments; and
- includes an entity that provides key management personnel services (a "management entity") to a reporting entity (or a parent of the reporting entity) within the definition of a "related party" in AASB 124: Related Party Disclosures.

This part also makes other editorial corrections to various Australian Accounting Standards; however, it is not expected to have a significant impact on the Group's financial statements.

Part B of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and permits an entity to recognise the amount of contributions from employees or third parties in a defined benefit plan as a reduction in service cost for the period in which the related service is rendered, if the amount of contributions is independent of the number of years of service. This part is not expected to impact on the Group's financial statements.

Part C of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and deletes the reference to AASB 1031: Materiality in particular Australian Accounting Standards. This part is not expected to have a significant impact on the Group's financial statements.

Part D of this Standard is applicable to annual reporting periods beginning on or after 1 January 2016 and makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, which arise from the issuance of AASB 14: Regulatory Deferral Accounts in June 2014. AASB 14 permits first-time adopters to continue to account for amounts related to rate regulation in accordance with their previous GAAP when they adopt Australian Accounting Standards. This part is not expected to have a significant impact on the Group's financial statements.

Part E of this Standard is applicable to annual reporting periods beginning on or after 1 January 2015 and defers the application date of AASB 9 (December 2010) to annual reporting periods beginning on or after 1 January 2018. This part also makes consequential amendments to hedge accounting disclosures set out in AASB 7: Financial Instruments: Disclosures, and to AASB 132: Financial Instruments: Presentation to permit irrevocable designation of "own use contracts" as measured at fair value through profit or loss if the designation eliminates or significantly reduces an accounting mismatch. Management believes that there will not be any significant impact on the Group's financial statements on adoption of this part of the Standard.

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	2015 $	2014 $
ASSETS		
Current Assets	2,840,018	3,778,869
Non-Current Assets	56,435,717	54,295,872
Total Assets	59,275,735	58,074,741
LIABILITIES		
Current Liabilities	278,237	279,662
Non-Current Liabilities	939	2,169
Total Liabilities	279,176	281,831
EQUITY		
Issued Capital	89,840,179	87,483,365
Retained Earnings	(33,742,458)	(32,717,310)
Reserves		
Foreign Exchange Translation Reserve	258,972	258,972
Option reserve	2,639,866	2,767,883
TOTAL EQUITY	58,996,559	57,792,910
STATEMENT OF COMPREHENSIVE INCOME		
Profit/(loss) for the year	(1,025,148)	(3,619,029)
Total comprehensive income	(1,025,148)	(3,619,029)

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 one motor vehicle.

Contingent liabilities of the parent entity

Contingent liabilities exist in relation to proceedings involving LPD Holdings (Aust) Pty Ltd ("LPD") 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, 2015, Macarthur Minerals Limited has not entered into any contractual commitments for the acquisition of property, plant and equipment (2014: 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 credit risk, liquidity risk, interest rate risk, and foreign currency risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

	Note	Consolidated Carrying Amount 2015 $	Consolidated Carrying Amount 2014 $
Financial assets			
Cash and cash equivalents	9	**2,807,129**	3,628,858
Loans and receivables			
Other receivables	10	**39,647**	71,659
Security Deposits	11	**109,606**	337,620
		149,253	409,279
Total financial assets		**2,956,382**	4,038,137
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	14	**396,795**	404,427
Borrowings	16	**11,801**	15,436
Total financial liabilities		**408,596**	419,863

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 2015 $	Consolidated Carrying Amount 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

Note 4: Financial risk management

a) Credit risk (cont'd)

The Group's receivables include interest receivable and current outstanding taxation payments recoverable from the Australian Government. All financial assets are Australian based, except for a Canadian denominated cash balance. Refer to Note 4(d).

b) Liquidity risk

The Group's objective is to raise sufficient funds from equity and/or debt to finance its exploration and evaluation 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 evaluation. 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 any future 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 plans to progress 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 assets and liabilities into maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contracted undiscounted cash flows.

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Financial liabilities due for payment								
Trade and other payables	298,274	263,739	-	-	-	-	298,274	263,739
Amounts payable to related parties	98,521	140,688	-	-	-	-	98,521	140,688
Finance lease liabilities	11,801	3,638	-	11,798	-	-	11,801	15,436
Total expected outflows	408,596	408,065	-	11,798	-	-	408,596	419,863
Financial assets - cash flows realisable								
Cash and cash equivalents	2,807,129	3,628,858	-	-	-	-	2,807,129	3,628,858
Other Receivables	39,647	71,659	-	-	-	-	39,647	71,659
Security Deposits	109,606	337,620	-	-	-	-	109,606	337,620
Total anticipated inflows	2,956,382	4,038,137	-	-	-	-	2,956,382	4,038,137
Net (outflow)/inflow on financial instruments	2,547,786	3,630,072	-	(11,798)	-	-	2,547,786	3,618,274

Note 4: Financial risk management (cont'd)

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	
	2015	**2014**
	$	**$**
Financial Assets		
Interest-bearing financial instruments		
Variable rate instruments	**2,834,359**	3,887,754
Non-interest-bearing financial instruments	**122,023**	150,383
Total Financial Assets	**2,956,382**	4,038,137
Financial Liabilities		
Interest-bearing financial instruments		
Fixed rate instruments	**11,801**	15,436
Non-interest-bearing financial instruments	**396,795**	404.,427
Total Financial Liabilities	**408,596**	419,863

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**
	$	**$**	**$**	**$**
31 March, 2015				
Interest-bearing financial instruments	**28,344**	**(28,344)**	**28,344**	**(28,344)**
31 March, 2014				
Interest-bearing financial instruments	38,878	(38,878)	38,878	(38,878)

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 $	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	383,702	49,294	389,271	15,156
Employee Benefits	81,547	-	95,900	-
Lease liability	11,801	-	15,436	-
	477,050	49,294	500,607	15,156
Net exposure	2,397,269	32,769	3,459,259	63,115

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 31 March, 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.

	Consolidated	
	Equity $	Profit or loss $
31 March, 2015		
CAD$	(3,168)	3,168
31 March, 2014		
CAD$	(6,469)	6,469

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

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, evaluation 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. The Company's capital includes equity, financial assets and financial liabilities.

The properties in which the Company currently has an interest are in the exploration and evaluation 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, 2015. The Company is not subject to externally imposed capital requirements.

Note 6: Revenue and expenses

Result for the year includes the following items:

		Consolidated 2015 $	Consolidated 2014 $
a)	***Depreciation and amortisation***		
	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**	-
f)	***Other:***		
	- Net foreign exchange	**(3,289)**	493
	- Finance costs	**9,851**	9,122

For details on the LPD matter refer to Note 25.

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.

Note 7: Income tax

	Consolidated 2015 $	Consolidated 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*		
Profit (loss) from continuing operations before income tax expense	**(1,218,537)**	(3,806,341)
Tax at Australian tax rate of 30%	**(365,561)**	(1,141,902)
Adjustment for the tax effect of:		
Share based payments	**4,752**	45,494
Other	**1,547**	3,993
Exploration expenditure capitalised	**(692,491)**	(950,882)
Income not assessable in current year	**-**	-
	(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) from continuing operations	**-**	-

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 $
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 2014 prior year losses have been restated to reflect amounts in the tax return.

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).

Note 8: Earnings per share (cont'd)

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

	Consolidated 2015 $	Consolidated 2014 $
Net (loss) for the year	**(1,218,537)**	(3,806,341)
	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 and warrants that did not have a dilutive effect at 31 March, 2015 were 2,175,000 options. There were no options or warrants that had a dilutive effect as at 31 March, 2015, as the Company is in a loss position.

Note 9: Cash and cash equivalents

	Consolidated 2015 $	Consolidated 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**	529,609
Short term deposits earn interest at negotiated fixed rates	**1,584,087**	3,099,249
	2,807,129	3,628,858

	Consolidated 2015 $	Consolidated 2014 $
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	**2,807,129**	3,628,858
b) Reconciliation of net loss after income tax to the net cash flows from operations		
Net (Loss)	**(1,218,537)**	(3,806,341)
Adjustments for:		
Asset write-off expense	**-**	(15,712)
Depreciation and amortisation	**217,311**	261,795
Share based payments	**15,840**	151,646
Changes in Assets and Liabilities		
(Increase)/Decrease in receivables	**32,013**	470,784
(Increase)/Decrease in other operating assets	**254,754**	67,633
Increase/(Decrease) in payables	**11,874**	(319,263)
Net cash from operating activities	**(686,745)**	(3,189,458)

Note 10: Other Receivables

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

Note 11: Other Assets

	Consolidated 2015 $	Consolidated 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) and $21,000 used as security for corporate credit cards (2014: $140,000).

Note 12: Property, plant and equipment

	Plant & Equipment $	Motor Vehicles $	Office Equipment $	Total $
Year ended 31 March, 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 31 March, 2014				
Cost	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 31 March, 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)**
Transfer	-	-	-	**-**
Closing net book amount	365,557	59,484	43,476	**468,517**
At 31 March, 2015				
Cost	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**

Note 13: Exploration and evaluation assets

	Consolidated	
	2015	**2014**
	$	**$**
Cost		
Balance at beginning of year	**58,491,921**	55,322,316
Acquisition of exploration and evaluation assets	**10,165**	-
Exploration and evaluation assets capitalised	**2,298,137**	3,169,605
Balance at end of year	**60,800,223**	58,491,921

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

Note 14: Trade and other payables

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

Note 15: Provisions

The liabilities recognised for employee benefits consist of the following amounts:	Consolidated	
	2015	2014
	$	$
Current		
- Short term employee obligations	**80,608**	93,731
Non-current:		
- Long service leave entitlements	**939**	2,169
	81,547	95,900

	Employee Benefits	**Other**	**Total**
Opening balance at 1 April 2014	95,900	-	95,900
Additional provisions	166,323	-	166,323
Amounts used	(180,676)	-	(180,676)
Balance at 31 March 2015	**81,547**	**-**	**81,547**

The current portion of these liabilities represents the Group's obligations to its current employees that are expected to be settled before 31 March, 2016. These obligations arise from accrued annual leave and superannuation entitlements at the reporting date.

Note 16: Borrowings

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

Note 17: Contributed equity and reserves

a) Ordinary Shares

	Consolidated 2015 $	2014 $
Ordinary shares		
Issued and fully paid	**89,840,179**	87,483,365
	Number	**Number**
Number of shares on issue	**56,020,630**	44,820,630

	2015	2014
At the beginning of the reporting period	**44,820,630**	44,820,630
Shares issued during the year:		
24 July 2014	**11,200,000**	-
At the end of the reporting period	**56,020,630**	44,820,630

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

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, 2013	258,972	2,616,237	7,314,889	10,190,098
Cost of share based payments	-	151,646	-	151,646
As at 31 March, 2014	**258,972**	**2,767,883**	**7,314,889**	**10,341,744**
As at 1 April, 2014	258,972	2,767,883	7,314,889	10,341,744
Transfer of fair value of options exercised (prior years)	-	(143,857)	-	(143,857)
Cost of share based payments	-	15,840	-	15,840
As at 31 March, 2015	**258,972**	**2,639,866**	**7,314,889**	**10,213,727**

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 employees and consultants 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.

Dilution Gain Reserve

The Company incurred a dilution gain of $7,314,889 arising from the issue of shares in MIO during the financial year ended 31 March, 2009.

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.

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 17). 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, 2015

(i) On 10 June, 2014 pursuant to the Company's Employee Share Compensation Plan, 75,000 incentive stock options were granted to an employee of the Company. The options are exercisable for a 3 year period at CAD$0.30 per share and have no vesting conditions.

(ii) On 2 December, 2014 pursuant to the Company's Share Compensation Plans, an aggregate of 1,325,000 incentive stock options were granted to directors, employees and consultants of the Company.

700,000 of those 1,325,000 incentive stock options were granted to key management personnel (refer to Note 22), The options are exercisable for a 3 year period at CAD$0.25 per share and have no vesting conditions.

(iii) On 11 March, 2015 Directors of the Company voluntarily forfeited 400,000 options.

(iv) On 31 March, 2015 Officers of the Company voluntarily forfeited 3,000,000 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, 2014

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

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

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

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:

	2015		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)
Exercised	**-**	**-**	-	-
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 period	**2,175,000**	**$0.28 (CAD$0.27)**	4,175,000	$0.26 (CAD $0.27)
Options exercisable, end of period	**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 31 March, 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 weighted average remaining contractual life for the share options as at 31 March, 2015 is 2.06 years.

Note 19: 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:

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

There are no warrants outstanding as at 31 March, 2015.

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

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 profit or loss and other comprehensive income 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 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:

	2015	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%
Forfeitures	**66.67%**	66.67%

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 Group's main related parties are as follows:

(i) Entities exercising control of the Group:

The ultimate parent entity that exercises control over the Group is Macarthur Minerals Limited, which is incorporated in Australia.

(ii) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 22.

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	Investment ($) 2015	Investment ($) 2014
Macarthur Midway Pty Ltd	Australia	100	100	**5,000**	5,000
Macarthur Iron Ore Pty Ltd	Australia	100	100	**5,978,572**	5,978,572
				5,983,572	5,983,572

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.

		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	**2015**	**-**	**-**	**1,774**	**-**
	2014	-	-	1,531	-
Macarthur Iron Ore Pty Ltd	**2015**	**-**	**-**	**50,049,046**	**-**
	2014	-	-	47,872,719	-

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

Non-executive Directors

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

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	Superan-nuation	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 31 March, 2015 was $92,292.

Note 22: Key Management Personnel (cont'd)

Total remuneration of each key management personnel of the Company for the year ended 31 March, 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	Superannuation	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 1 September, 2012.

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

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

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 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 previously used in determining the appropriate level of compensation and conditions of the executives' consulting contracts. On 1 December, 2011 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 were not members of the Remuneration and Nomination Committee at the time 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 ("executives") are eligible to participate in the Company's Cash RSU Plan which entitles them to receive Cash Based RSUs based upon vesting conditions.

On 5 December, 2011, the executives were issued 480,943 Cash Based RSUs.

On 31 March 2015, the executives voluntarily forfeited 420,825 cash RSUs, leaving a balance of 0.

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.

There were no other transactions with key management personnel during the year.

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.

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 1/4/14	Number Acquired	Number Disposed	Number at 31/3/15
A S Phillips	-	-	-	-
J Toigo	-	-	-	-
J Starink	-	-	-	-
J Wall	-	-	-	-
R Patricio [2]	4,900	75,000	-	79,900
D Taplin	298,224	-	-	298,224
A J Phillips	146,309	-	-	146,309
J Phillips, A J Phillips, D Taplin (First Apollo Capital Limited) [1]	2,106,500	500,000	(487,500)	2,119,000
	2,555,933	575,000	(487,500)	2,643,433

[1] 2,119,000 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, General Counsel 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.
[2] 75,000 shares are held indirectly by Totus Inc.

Note 22: Key Management Personnel (cont'd)

b) Options

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

Name	Number at 1/4/14	Number Acquired	Number Forfeited	Number at 31/3/15
A S Phillips	800,000	200,000	(1,000,000)	-
J Toigo	100,000	-	(100,000)	-
J Starink	100,000	50,000	(150,000)	-
J Wall	-	-	-	-
R Patricio	100,000	50,000	(150,000)	-
D Taplin	800,000	200,000	(1,000,000)	-
A J Phillips	800,000	200,000	(1,000,000)	-
	2,700,000	700,000	(3,400,000)	-

c) Warrants

No warrants in the Company were 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.

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 2015 $	Consolidated 2014 $
During the year the following fees were paid or payable for services provided by the auditors.		
Pilot Partners:		
Audit and review of financial reports	**-**	32,500
Additional audit fees	**13,636**[1]	
Other services	**3,139**	
Hayes Knight:		
Audit and review of financial reports	**35,000**	-
Other services	**-**	-
Davidson & Company LLP:		
Audit and review of financial reports in Canada	**53,167**	62,276
Other services	**-**	-
Total remuneration for audit and other services	**104,942**	94,776

[1] Pilot Partners were the Company's auditors until their resignation on 28 August 2014.

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 Hayes Knight 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 Hayes Knight independence declaration is required under section 307C of the *Corporations Act 2001(Cth)* and is set out on page 15.

Note 24: 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	16	**11,801**	15,436

The Group has one finance lease for one motor vehicle with a completion date of the lease is February 2016 (extended from February 2013). The residual pay out at the completion of the lease is $8,463. Total unexpired interest is $918.

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	
	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 apply for exemptions against expenditure in relation to those tenements which did not have sufficient expenditure recorded against them in the prior 12 months of their term. Exemption has and may be sought on the basis that aggregate expenditure on those tenements in prior years far exceeded the minimum required. In the event that exemption for these tenements is not granted (which the Company believes is highly unlikely), the Company may have to impair/expense the value of the amount capitalised to exploration and evaluation assets for those tenements. 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 and has been granted future exemptions on a number of mining tenements which will allow the Company exemption on future expenditure up to two 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:

	Consolidated	
	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

d) Option Agreement E30/317

The Company's option over E30/317, under an Option Agreement entered into 16 June, 2011 (and extended until June 16, 2014), was extended for a further 18 months until December 16, 2015. Under the Option Agreement, the Company is required to keep the tenement in good standing and the option exercise fee remains the same at $10,000,000. 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

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 11 October, 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 26 November, 2013 those proceedings were stayed by consent pending payment of the indemnity costs order and the appeal costs 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 Counsels' 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 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.

Note 26: Subsequent Events

a) Options

On 14 May, 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 3 February, 2015, the TSX had 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 as set out in Part VII of the TSX Company Manual on 3 June, 2015, the Company's securities will be delisted from TSX on or before 3 July, 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.

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

1. the financial statements and notes, as set out on pages 16 to 56 are in accordance with the *Corporations Act 2001 (Cth)* and:

   (i) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes complicate with International Financial Reporting Standards (IFRS); and

   (ii) give a true and fair view of the financial position as at 31 March, 2015 and of the performance for the year ended on that date of the consolidated group; and

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

On behalf of the board

Earl Evans
Chairman

Dated: 24 June, 2015

Hayes Knight
Accountants, Advisors & Auditors

Hayes Knight Audit (Qld) Pty Ltd
ABN 49 115 261 722
Registered Audit Company 299289

Level 23, 10 Eagle Street, Brisbane Qld 4000
GPO Box 1189, Brisbane Qld 4001

T: +61 7 32292022 F: +61 7 32293277
E: email@hayesknightqld.com.au

www.hayesknight.com.au

INDEPENDENT AUDITORS REPORT
TO THE MEMBERS OF MACARTHUR MINERALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Macarthur Minerals Limited and its controlled entities (the consolidated group), which comprises the statement of financial position as at 31 March 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, of the consolidated group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (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. Those 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 company's preparation 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 company'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

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been provided to the directors of Macarthur Minerals Limited as attached to the directors' report, has not changed as at the date of this auditor's report.

INDEPENDENT AUDITORS REPORT
TO THE MEMBERS OF MACARTHUR MINERALS LIMITED (CONTINUED)

Auditor's Opinion

In our opinion:

a) the financial report of Macarthur Minerals Limited is in accordance with the *Corporations Act 2001*, including:

   i) giving a true and fair view of the consolidated group's financial position as at 31 March 2015 and of its performance for the year ended on that date; and

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

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

Emphasis Of Matter – Going Concern

Without qualifying our opinion, we draw attention to Note 2(b) in the financial statements which indicates that the consolidated group incurred a net loss of $1,218,537 and had a net decrease in cash and cash equivalents of $821,729. The continuing 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. These conditions may cast significant doubt about the consolidated group's ability to continue as a going concern.

The consolidated group has plans which, until further funds are raised, will enable it to meet its obligations and commitments for the foreseeable future.

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

Hayes Knight Audit (Qld) Pty Ltd

Hayes Knight Audit (Qld) Pty Ltd

Nigel Bamford

N D Bamford
Director

Level 23, 10 Eagle Street,
Brisbane, QLD, 4000

Date: 24 June 2015