CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – prepared by Management)

For the nine months ended December 31, 2013

All amounts are in Australian dollars unless otherwise stated

ACN 103 011 436

Condensed Interim Consolidated Financial Statements – December 31, 2013

Contents

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

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

The financial report was authorized for issue by the directors on February 12, 2014. The directors have the power to amend and reissue the financial report.

MACARTHUR MINERALS LIMITED
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Australian Dollars)
(Unaudited)
AS AT DECEMBER 31, 2013

	December 31, 2013	March 31, 2013
	$	**$**
ASSETS		
Current		
Cash and cash equivalents	**4,425,611**	10,673,169
Receivables	**68,939**	221,318
Security deposits and prepayments	**459,274**	479,356
Total current assets	**4,953,824**	11,373,843
Non-Current		
Plant and equipment (Note 4)	**741,065**	992,788
Exploration and evaluation assets (Note 5)	**58,256,717**	55,322,316
Total non-current assets	**58,997,782**	56,315,104
Total assets	**63,951,606**	67,688,947
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**267,021**	991,887
Employee benefits	**119,678**	170,838
Finance lease obligation (Note 6)	**3,638**	47,328
Total current liabilities	**390,337**	1,210,053
Non-Current		
Employee benefits	**1,747**	2,553
Finance lease obligation (Note 6)	**12,708**	49,564
Total non-current liabilities	**14,455**	52,117
Total liabilities	**404,792**	1,262,170
Shareholders' equity		
Contributed equity (Note 7)	**86,686,256**	86,686,256
Reserves	**3,846,330**	3,745,341
Deficit	**(26,985,772)**	(24,004,820)
Total shareholders' equity	**63,546,814**	66,426,777
Total liabilities and shareholders' equity	**63,951,606**	67,688,947

Nature and continuance of operations (Note 1)
Commitments (Note 15)

Contingent liabilities (Note 16)
Subsequent events (Note 17)

On behalf of the Board:

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

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

MACARTHUR MINERALS LIMITED
INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Australian Dollars)
(Unaudited)

	Three months ended December 31, 2013	Three months ended December 31, 2012	Nine months ended December 31, 2013	Nine months ended December 31, 2012
EXPENSES				
Depreciation	$ (64,000)	$ (72,199)	$ (202,210)	$ (209,827)
Investor relations	(31,070)	(12,115)	(90,762)	(136,928)
Office and general	(67,371)	(107,382)	(232,303)	(308,267)
Personnel fees	(392,377)	(476,241)	(1,239,992)	(1,448,595)
Professional fees	(365,104)	(483,740)	(1,061,753)	(1,109,889)
Rent	(32,003)	(30,169)	(95,368)	(94,735)
Share-based compensation (Note 8)	(11,226)	-	(100,989)	(42,712)
Share registry, filing and listing fees	(19,160)	(27,649)	(115,855)	(103,181)
Travel and accommodation	(9,216)	(47,197)	(74,117)	(211,685)
Total Administrative Expenses	(991,527)	$ (1,256,692)	(3,213,349)	$ (3,665,819)
REVENUE				
Interest income	$ 53,027	$ 192,971	$ 227,129	$ 800,717
Foreign exchange gain/(loss)	(2,750)	(552)	5,268	(7,630)
Net loss and comprehensive loss for the period	**$ (941,250)**	**$ (1,064,273)**	**$ (2,980,952)**	**$ (2,872,732)**
Basic and diluted loss per ordinary share (Note 7)	$ (0.02)	$ (0.02)	$ (0.07)	$ (0.06)
Basic and diluted weighted average number of ordinary shares outstanding	44,820,630	44,820,630	44,820,630	44,820,630

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

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

	Number of Shares	Contributed Equity $	Deficit $	Reserves $	Total Equity $
Balance at April 1, 2012	44,820,630	86,686,256	(19,942,696)	3,695,288	70,438,848
Net loss for the period	-	-	(2,872,732)	-	(2,872,732)
Share based payment transactions	-	-	-	42,712	42,712
Balance at December 31, 2012	44,820,630	86,686,256	(22,815,428)	3,738,000	67,608,828
Balance at April 1, 2012	44,820,630	86,686,256	(19,942,696)	3,695,288	70,438,848
Net loss for the year	-	-	(4,062,124)	-	(4,062,124)
Share based payment transactions	-	-	-	50,053	50,053
Balance at March 31, 2013	44,820,630	86,686,256	(24,004,820)	3,745,341	66,426,777
Balance at April 1, 2013	**44,820,630**	**86,686,256**	**(24,004,820)**	**3,745,341**	**66,426,777**
Net loss for the period	**-**	**-**	**(2,980,952)**	**-**	**(2,980,951)**
Share based payment transactions	**-**	**-**	**-**	**100,989**	**100,989**
Balance at December 31, 2013	**44,820,630**	**86,686,256**	**(26,985,771)**	**3,846,330**	**63,546,814**

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

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

	Nine months ended December 31, 2013 $	Nine months ended December 31, 2012 $
OPERATING ACTIVITIES		
Net loss for the period	**(2,980,952)**	(2,872,732)
Items not involving cash:		
Depreciation	**202,210**	209,827
Share-based compensation	**100,989**	42,712
Gain on disposal of equipment	**(15,712)**	-
Changes in non-cash working capital balances:		
Accounts payable and accrued liabilities	**(463,496)**	(180,136)
Other Operating Assets	**20,082**	(137,318)
Receivables	**180,268**	(255,698)
Net Cash used in Operating Activities	**(2,956,611)**	**(3,193,345)**
INVESTING ACTIVITIES		
Disposal/ (Purchases) of plant and equipment	**57,197**	(140,503)
Deferred exploration expenditures	**(3,267,598)**	(9,501,362)
Net Cash used in Investing Activities	**(3,210,401)**	**(9,641,865)**
FINANCING ACTIVITIES		
Repayment of finance lease	**(80,546)**	(37,337)
Net Cash used in Financing Activities	**(80,546)**	**(37,337)**
Change in cash and cash equivalents during period	**(6,247,558)**	**(12,872,547)**
Cash and cash equivalents, beginning of period	**10,673,169**	26,589,704
Cash and cash equivalents, end of period	**4,425,611**	**13,717,157**

Supplemental disclosures with respect to cash flows (Note 11)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

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

The Macarthur Iron Ore Projects are owned by the Company's wholly owned subsidiary Macarthur Iron Ore Pty Ltd ("Macarthur Iron Ore" or "MIO"), and MIO's subsidiary Macarthur Midway Pty Ltd (formerly Hatches Nominees 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.

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

2. BASIS OF PRESENTATION

These interim consolidated financial statements are unaudited and have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board.

These interim consolidated financial statements were authorized by the board of directors of the Company on February 12, 2014.

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

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

The accompanying unaudited interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, including new accounting standards and interpretations, followed by the Company are set out in Note 2 to the audited financial statements for the year ended March 31, 2013, and have been consistently followed in the preparation of these interim consolidated financial statements.

(Expressed in Australian Dollars)

4. PLANT AND EQUIPMENT

	Plant & Equipment $	Motor Vehicles $	Office Equipment $	Total $
Year ended March 31, 2013				
Opening net book value	573,091	376,028	151,796	**1,100,915**
Additions	84,073	-	88,908	**172,981**
Disposals	-	-	(159)	**(159)**
Depreciation charge	(76,533)	(107,907)	(96,509)	**(280,949)**
Transfers	(56,682)	-	56,682	**-**
Closing net book amount	523,949	268,121	200,718	**992,788**
At March 31, 2013				
Cost or fair value	686,153	510,637	378,368	**1,575,158**
Accumulated depreciation	(162,204)	(242,516)	(177,650)	**(582,370)**
Net book amount	523,949	268,121	200,718	**992,788**
Period ended December 31, 2013				
Opening net book value	523,949	268,121	200,718	**992,788**
Additions	32,375	-	9,094	**41,469**
Disposals	(63,057)	(27,925)	-	**(90,982)**
Depreciation charge	(51,408)	(73,816)	(76,986)	**(202,210)**
Closing net book amount	441,858	166,380	132,826	**741,065**
At December 31, 2013				
Cost or fair value	653,583	408,351	389,350	**1,451,284**
Accumulated depreciation	(211,724)	(241,971)	(256,524)	**(710,219)**
Net book amount	441,859	166,380	132,826	**741,065**

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

5. EXPLORATION AND EVALUATION ASSETS

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

(Expressed in Australian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd)

Exploration and evaluation expenditure

Interim Expenditure

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

	Acquisition Costs	Deferred Exploration Costs	Total
	$	$	$
Balance as at March 31, 2012	3,623,886	40,737,949	44,361,835
Accommodation and camp maintenance	-	540,974	540,974
Drilling	-	1,743,460	1,743,460
E30/317 acquisition cost	200,000	-	200,000
Environmental Surveys	-	218,880	218,880
Other	-	484,186	484,186
Personnel and Contractors	-	3,185,796	3,185,796
Rent and rates	-	582,494	582,494
Research and reports	-	2,956,311	2,956,311
Sampling and testing	-	477,172	477,172
Site preparation and earthwork	-	165,951	165,951
Tenement management and outlays	-	26,361	26,361
Travel	-	275,169	275,169
Vehicle hire	-	103,727	103,727
	200,000	10,760,481	10,960,481
Balance as at March 31, 2013	3,823,886	51,498,430	55,322,316

	Acquisition Costs	Deferred Exploration Costs	Total
	$	$	$
Incurred during the period			
Accommodation and camp maintenance	-	171,096	171,096
Drilling	-	121,361	121,361
Environmental surveys	-	462	462
Other	-	198,167	198,167
Personnel and Contractors	-	1,428,988	1,428,988
Rent and rates	-	486,175	486,175
Research and reports	-	288,620	288,620
Sampling and testing	-	36,504	36,504
Site preparation and earthwork	-	7,991	7,991
Tenement management and outlays	-	35,335	35,335
Travel	-	87,804	87,804
Vehicle hire	-	71,898	71,898
	-	**2,934,401**	**2,934,401**
Balance as at December 31, 2013	**3,823,886**	**54,432,831**	**58,256,717**

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

(Expressed in Australian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd)

Commitments

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

The following obligations are not provided for in the financial statements and are minimal annual commitment amounts as follows:

	Consolidated	
	December 31, 2013	March 31, 2013
Not later than one year	**$ 3,683,591**	$ 2,847,422
Later than one year but not later than five years	**$ 12,968,857**	12,424,242
	$ 16,652,448	$ 15,271,664

6. FINANCE LEASE COMMITMENTS

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

Future payment obligations are as follows:

	Consolidated	
	December 31, 2013	March 31, 2013
Gross finance lease liabilities		
- minimum lease payments:		
No later than one year	**$ 4,639**	$ 51,854
Later than one year but no later than five years	**13,876**	57,074
	18,515	108,928
Less: interest	**(2,169)**	(12,036)
Present value of finance lease liabilities	**16,346**	96,892
Less: current portion	**(3,638)**	(47,328)
	$ 12,708	$ 49,564

(Expressed in Australian Dollars)

7. CONTRIBUTED EQUITY

Ordinary Shares

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

	Consolidated	
	December 31, 2013	March 31, 2013
Issued and fully paid ordinary shares:	**$ 86,686,256**	$ 86,686,256
Number of shares on issue:	**44,820,630**	44,820,630

There were no shares issued during the period ended December 31, 2013 for share options and warrants being exercised.

Share Compensation Plans

The Company, in accordance with its Share Compensation Plans and the policies of the TSX, is authorized to grant options, award equity restricted share units ("Equity RSUs"), 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 Employee and Consultant Compensation Plan have been approved until September 15, 2015 by the shareholders and took effect from August 29, 2012, replacing the Company's previous Stock Option Plan.

To date, the Company has only issued options under the Share Compensation Plans. The exercise price of the options is fixed by the Board not less than the fair market value of the shares on the grant date, subject to all applicable regulatory requirements. Options under the Share Compensation Plans can be granted for a maximum term of 5 years and may be subject to vesting criteria as determined by the Board.

The fair value of all options issued is measured and expensed as share-based compensation at grant date if they are fully vested upon granting otherwise the fair value is expensed over the vesting period. A corresponding increase is recorded to reserves, see Note 8. For further detail on the accounting treatment of share options refer to Note 3 accounting policies.

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

(Expressed in Australian Dollars)

7. CONTRIBUTED EQUITY (cont'd)

Share Options

During the period ended December 31, 2013

On September 27, 2013 the Company granted an aggregate of 2,400,000 incentive stock options to executives of the Company, with an exercise price of CAD $0.25 per share for a period of 3 years.

On December 19, 2013 the Company granted an aggregate of 500,000 incentive stock options to an employee of the Company, with an exercise price of CAD $0.25 per share for a period of 3 years.

During the year ended March 31, 2013

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

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

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

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.

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

	Nine months ended December 31, 2013		Year ended March 31, 2013	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	**845,000**	**$ 2.12 (CAD $2.25)**	3,665,000	$ 2.15 (CAD $2.23)
Granted	**2,900,000**	**$ 0.26 (CAD $0.25)**	100,000	$ 0.71 (CAD $0.75)
Exercised	**-**	**-**	-	-
Forfeited	**(50,000)**	**$ 3.79 (CAD $3.60)**	(1,770,000)	$ 2.71 (CAD $2.88)
Expired	**(510,000)**	**$ 1.97 (CAD $1.87)**	(1,150,000)	$ 1.01 (CAD $1.07)
Outstanding, end of period	**3,185,000**	**$ 0.49 (CAD $0.47)**	845,000	$ 2.12 (CAD $2.25)
Options exercisable, end of period	**3,185,000**	**$ 0.49 (CAD $0.47)**	778,300[1]	$ 2.24 (CAD $2.38)

[1] Excludes unvested options.

(Expressed in Australian Dollars)

7. CONTRIBUTED EQUITY (cont'd)

Share options (cont'd)

Share options outstanding at December 31, 2013 have the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
125,000	$3.79 (CAD$3.60)	June 9, 2014
160,000 [1]	$2.11 (CAD $2.00)	December 22, 2014
2,400,000	$0.26 (CAD$0.25)	September 26, 2016
500,000	$0.26 (CAD$0.25)	December 19, 2016

[1] 30,000 options have expired subsequent to the period ended December 31, 2013.

The range of exercise prices for options outstanding at December 31, 2013 is CAD$0.25 to CAD$3.60.

The weighted average remaining contractual life for the share options as at December 31, 2013 is 2.60 years.

Warrants

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

	Nine months ended December 31, 2013		Year ended March 31, 2013	
	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)**	9,039,150	$3.82 (CAD $3.96)
Granted	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Forfeited	**-**	**-**	-	-
Expired	**(339,150)**	**$1.90 (CAD $1.80)**	(8,450,000)	$3.81 (CAD $4.06)
Outstanding, end of period	**250,000**	**$3.79 (CAD $3.60)**	589,150	$2.41 (CAD $2.56)

Warrants outstanding at December 31, 2013 are as follows:

Number of Warrants	Exercise Price	Expiry Date
250,000	$3.79 (CAD$3.60)	February 23, 2014

During the period ended December 31, 2013

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

During the year ended March 31, 2013

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

(Expressed in Australian Dollars)

7. CONTRIBUTED EQUITY (cont'd)

Agents' Options

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

	Nine months ended December 31, 2013		Year ended March 31, 2013	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	**-**	**-**	834,000	$3.48 (CAD $3.60)
Granted	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Forfeited	**-**	**-**	-	-
Expired	**-**	**-**	(834,000)	$3.38 (CAD $3.60)
Outstanding, end of period	**-**	**-**	-	-

During the period ended December 31, 2013

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

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

During the year ended March 31, 2013

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

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

(Expressed in Australian Dollars)

8. SHARE BASED COMPENSATION

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

The fair value calculated for options issued is expensed over their vesting period as share based compensation in the statement of comprehensive loss and a corresponding amount is recorded to reserves. Upon exercise the fair value of the options is re-classified from reserves to contributed equity. The weighted average fair value of options granted during the period was $0.07 (December 2012 - $Nil). Refer to Note 7 for details of options granted during the period.

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

	Nine months ended December 31, 2013	Nine months ended December 31, 2012
	Weighted average	*Weighted average*
Share price	**CAD$ 0.11**	-
Exercise price	**CAD$ 0.25**	-
Risk-free interest rate	**1.10%**	-
Expected life of options	**3 years**	-
Annualized volatility	**118.92%**	-
Dividend rate	**n/a**	-
Forfeitures	**66%**	-

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.

9. RELATED PARTY TRANSACTIONS

Related party disclosure

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

Name	**Country of Incorporation**	**% Equity Interest**	
		December 31, 2013	**December 31, 2012**
Macarthur Iron Ore Pty Ltd	Australia	100	100
Macarthur Midway Pty Ltd (formerly Hatches Nominees Pty Ltd)	Australia	100	100

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

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

(Expressed in Australian Dollars)

9. RELATED PARTY TRANSACTIONS (cont'd)

Key Management Personnel

The following persons were key management personnel of the Company during the period ending December 31, 2013.

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

Non-Executive Directors
J Starink (consultancy ended September 1, 2013)
J Toigo
J Wall
R Patricio

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

Other company executives
David Taplin — Chief Financial Officer and Company Secretary ("CFO")
Alan J ("Joe") Phillips — Chief Operating Officer ("COO")

Details of Remuneration

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

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

[1] S Hickey resigned on August 30, 2013

[2] J Starink was paid $45,000 in directors fees up to 31 December 2013 and $10,325 for consulting services to the Company under a consultancy agreement, ending 1 September, 2013

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

(Expressed in Australian Dollars)

9. RELATED PARTY TRANSACTIONS (cont'd)

Details of Remuneration (cont'd)

Remuneration of each key management personnel of the Company for the period ended December 31, 2012 was as follows.

Period ending December 31, 2012	**Short Term Employee Benefits**			**Post-Employment Benefits**		**Share Based Payments**	
Directors	Cash Salary & Fees	Cash Bonus[3]	Non-monetary benefits	Super-annuation	Retirement Benefits	Options	Total
	$	$	$	$	$	$	$
A S Phillips	243,747	9,468	-	-	-	-	253,215
S Hickey	45,000	-	-	-	-	-	45,000
R Patricio [1]	17,167						17,167
J Toigo	45,000	-	-	-	-	-	45,000
J Starink [2]	194,625	-	-	-	-		194,625
J Wall	35,000	-	-	-	-	-	35,000
Other Company Executives:							
D Taplin	191,250	4,952	-	-	-	-	196,202
A J Phillips	200,628	5,195	-	-	-	-	205,823
Total	**972,417**	**19,615**	**-**	**-**	**-**	**-**	**992,032**

[1] R Patricio was appointed as a non-executive director on September 18, 2012
[2] J Starink was paid $25,000 in directors fees up to 31 August 2012 and $169,625 for consulting services to the Company under a consultancy agreement, commencing March 16, 2012
[3] On September 14, 2012, 60,118 cash RSUs vested in accordance with the Cash RSU Plan and ratified by the Board.

Remuneration accrued and payable to key management personnel as at December 31, 2012 was $150,850.

Cash Based Restricted Share Unit Plan

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

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

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

(Expressed in Australian Dollars)

9. RELATED PARTY TRANSACTIONS (cont'd)

Details of Remuneration (cont'd)

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

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

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

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

On September 14, 2012, 60,118 cash RSUs vested and a corresponding cash payment was made for $19,615.

As of December 31, 2013 no cash RSUs have vested and accordingly no liability has been accrued to any cash RSUs granted to date.

Other transactions with key management personnel

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

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

10. TAX CONSOLIDATION

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

(Expressed in Australian Dollars)

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	Nine months ended December 31, 2013	Nine months ended December 31, 2012
Cash paid during the period for interest	**$ 7,437**	$ 3,298

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

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

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

During the period ended December 31, 2012, the Company entered into the following non-cash transactions:

a) Recorded $533,953 in deferred exploration expenditures through accounts payable.

b) Recorded $4,316 in plant and equipment through accounts payable.

12. SEGMENTED INFORMATION

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

13. FINANCIAL INSTRUMENTS

Credit Risk

Exposure to credit risk

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

	Carrying Amount	
	December 31, 2013	March 31, 2013
Financial assets		
Cash and cash equivalents	**$ 4,425,611**	$ 10,673,169
Security Deposits	**355,620**	407,104
Receivables	**68,939**	221,318
	$ 4,850,171	$ 11,301,591

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

(Expressed in Australian Dollars)

13. FINANCIAL INSTRUMENTS (cont'd)

Credit Risk (cont'd)

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

	Carrying Amount	
	December 31, 2013	March 31, 2013
Australia	**$ 68,939**	$ 542,445
Less: Impairment of receivables	**-**	(321,127)
Canada	**-**	-
Total	**$ 68,939**	$ 221,318

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

Currency Risk

Exposure to currency risk

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

	AUD	CAD	AUD	CAD
	December 31, 2013		March 31, 2013	
Cash and cash equivalents	**$ 4,340,932**	**$ 84,679**	$ 10,596,568	$ 76,601
Receivables	**68,939**	**-**	221,318	-
Security deposits	**355,621**	**-**	407,104	-
	4,765,492	**84,679**	11,224,990	76,601
Accounts payable and accrued liabilities	**251,235**	**15,786**	971,871	20,016
Employee Benefits	**121,425**	**-**	173,391	-
Finance Lease liabilities	**16,346**	**-**	96,892	-
	389,006	**15,786**	1,242,154	20,016
Net exposure	**$ 4,376,486**	**$ 68,893**	$ 9,982,836	$ 56,585

The following significant exchange rates applied during the period:

	Average rate		Reporting date spot rate	
AUD	**December 31, 2013**	March 31, 2013	**December 31, 2013**	March 31, 2013
Canadian dollar (CAD)	**0.9802**	1.0327	**0.9496**	1.0589

13. FINANCIAL INSTRUMENTS (cont'd)

Currency Risk (cont'd)

Sensitivity analysis

As at December 31, 2013, the Company's expenditures are in Australian dollars and Canadian dollars. As at December 31, 2013, the Company had cash of $84,679 (March 31, 2013 – $76,601) in a Canadian bank account and accounts payable of $15,786 (March 31, 2013 – $20,016) for Canadian suppliers. For each 10% change in the Australian dollar vs. Canadian dollar a $6,542 gain/loss would arise (March 31, 2013 - $5,340) on this balance of cash and accounts payable.

Interest rate risk

Profile

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

	Consolidated Carrying amount	
	December 31, 2013	March 31, 2013
Variable rate instruments		
Financial assets	**$ 4,594,063**	$ 11,003,556

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for this period.

	Profit or loss		**Equity**	
	100bp increase	100bp decrease	100bp increase	100bp decrease
December 31, 2013				
Variable rate instruments	**$ 45,941**	**$ (45,941)**	**$ 45,941**	**$ (45,941)**
March 31, 2013				
Variable rate instruments	$ 110,036	$ (110,036)	$ 110,036	$ (110,036)

(Expressed in Australian Dollars)

14. CAPITAL MANAGEMENT

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

The properties in which the Company currently has an interest are in the exploration and development stage; as such the Company is dependent on external financing to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

In addition to its exploration and evaluation activities with the Macarthur Iron Ore Projects, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ending December 31, 2013. The Company is not subject to externally imposed capital requirements.

15. COMMITMENTS

Operating lease agreements

At December 31, 2013 the Company had the following commitments:

	Finance Vehicle leases $	**Operating Building leases $**	**Total $**
Within one year	3,638	210,094	213,732
Later than one year but no later than five years	12,708	206,209	218,917
Total minimum lease payments	16,346	416,303	432,649

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

Exploration expenditures

Certain future exploration expenditures are required to be undertaken by the Company as a minimum retention for exploration permits. These expenditures were set out in Note 5 to the Interim financial statements for the period ended December 31, 2013.

15. COMMITMENTS (cont'd)

Option Agreement E30/317

The Company entered into an option agreement on June 16, 2011 to acquire exploration tenement E30/317, with an area of 29 km2. The Company has paid the initial acquisition cost of $100,000 and a further option fee of $200,000 on the first anniversary. As at the reporting date the Company has fully met the $500,000 expenditure requirement and has nil outstanding under the option agreement.

The option has been extended for a further 12 months until June 16, 2014. The Company is required to keep the tenement in good standing and the option fee remains the same at $10,000,000.

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

16. CONTINGENT LIABILITIES

Security

Contingent liability of $28,000 exists in relation to security bonds issued to the Department of Mines and Petroleum for compliance with environmental conditions attached to exploration and mining leases M30/213, M30/214, M30/215, M30/216, E30/317, and E30/230.

In addition the Company has bank guarantees issued of $187,620 for office leasing arrangements in Brisbane and Perth and $140,000 for the Company credit cards.

Mining Rehabilitation Fund ("MRF")

The MRF was implemented by the Western Australian Government on July 1, 2013. MRF provides a pooled fund, levied according to the environmental disturbance existing on a tenement at the annual reporting date. The money left in the fund will be used for rehabilitation where the operator fails to meet rehabilitation obligations. This allows current Mining Act tenement holders to have all or partial of the security bonds released dependent upon the disturbance on the current tenements that hold security. Currently, this is an 'opt in' basis for companies to access the funds early. From July 1, 2014, participation in the fund will become compulsory. The Company successfully applied to the Department of Mines and Petroleum for release of its security bonds. All bonds were released except for E30/230 and E30/317.

First Strategic Development Corporation Ltd (in liquidation) ("FSDC")

The trial for the FSDC Proceedings was held in the Supreme Court of Queensland over 7 days from October 17, 2013 to October 25, 2013 and has now been reserved for judgment.

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

16. CONTINGENT LIABILITIES (cont'd)

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

There are no further significant expenses expected for the FSDC Proceedings at this time.

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

The proceedings brought by LPD Holdings (Aust) Pty Ltd ("LPD") and Mayson Associates Limited ("Mayson") against the Company and some of the directors and officers of the Company in the Queensland Supreme Court in July 2012 ("July 2012 Proceedings") were dismissed in December 2012 and the Company was awarded costs on an indemnity basis ("Indemnity Costs Order"). LPD and Mayson appealed the Indemnity Costs Order in the Queensland Court of Appeal ("Appeal") and the Appeal was dismissed with costs of the Appeal being awarded to the Company on a standard basis ("Appeal Costs Order"). The Indemnity Costs Order and the Appeal Costs Orders ("Costs Orders") are being assessed.

The Company continues to vigorously defend new proceedings that were brought by LPD in November 2012 ("Proceedings"). On November 26, 2013 the Proceedings were stayed by consent pending payment of the Costs Orders by LPD. The Company was also awarded costs on a standard basis up to and including August 28, 2013 in respect of the Company's strike-out application in the Proceedings. The Company will seek to have those costs assessed.

Whilst the Proceedings are stayed the Company is incurring minimal legal costs. Legal costs of the Proceedings (if recommenced) up to and including the filing of the Company's Defence are estimated to be between $100,000 and $150,000 (inclusive of Counsel's fees and excluding GST). If the Proceedings continue to a full trial of the substantial issues, then the legal costs of the Proceedings after the filing of the Company's Defence are estimated to be at least between $400,000 to $600,000 (inclusive of Counsels' fees and excluding GST).

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

17. SUBSEQUENT EVENTS

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