

**MACARTHUR MINERALS LIMITED**  
Australian Company Number 103 011 436

**CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2009**

**(Unaudited – Prepared by Management)**

**NOTICE CONCERNING AUDITOR REVIEW**

The Company did not engage an independent auditor to perform a review of the interim financial statements for the three month period ended June 30, 2009. Accordingly, the interim financial statements for the three month period ended June 30, 2009 have been prepared by management and have not been reviewed by an independent auditor.

**MACARTHUR MINERALS LIMITED**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited - prepared by Management)  
AS AT JUNE 30, 2009 AND MARCH 31, 2009

	June 30, 2009	March 31, 2009
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 5,031,108	\$ 5,698,196
Receivables	206,410	150,711
Prepayments and deposits	51,353	44,801
<b>Total current assets</b>	<b>5,288,871</b>	<b>5,893,708</b>
<b>Non-Current</b>		
Future tax assets	1,138,370	1,029,026
Plant and equipment (Note 3)	103,895	86,589
Mineral properties (Note 4)	11,690,155	9,867,204
<b>Total non-current assets</b>	<b>12,932,420</b>	<b>10,982,819</b>
<b>Total assets</b>	<b>18,221,291</b>	<b>\$ 16,876,527</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	537,226	444,576
Due to related parties (Note 6)	63,057	57,001
<b>Total current liabilities</b>	<b>600,283</b>	<b>501,577</b>
Non-controlling interest (Note 5)	2,435,654	2,239,624
<b>Shareholders' equity</b>		
Capital stock (Note 6)	23,114,945	23,114,945
Contributed surplus (Note 6)	1,146,295	1,146,295
Accumulated other comprehensive income (Note 7)	447,053	(747,200)
Deficit	(9,522,939)	(9,378,714)
<b>Total shareholders' equity</b>	<b>15,185,354</b>	<b>14,135,326</b>
<b>Total liabilities and shareholders' equity</b>	<b>18,221,291</b>	<b>\$ 16,876,527</b>

**Nature and continuance of operations** (Note 1)

**On behalf of the Board:**



**"James Canning-Ure"**  
James Canning-Ure

Director



**"David Barwick"**  
David Barwick

Director

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

**MACARTHUR MINERALS LIMITED**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
(Unaudited - prepared by Management)  
THREE MONTHS ENDED JUNE 30

	2009	2008
<b>Administrative Expenses</b>		
Depreciation	\$ 3,094	\$ 4,341
Filing and transfer agent fees	3,766	5,933
Investor relations & printing	18,354	7,361
Office and general	15,601	14,309
Rent	24,324	23,948
Professional Fees	39,684	53,115
Salaries and management fees	151,348	84,075
Travel and accommodation	4,553	29,592
<b>Total Administrative Expenses</b>	<b>260,724</b>	<b>222,674</b>
<b>Loss before other items</b>	<b>(260,724)</b>	<b>(222,674)</b>
Other items:		
Dilution gain	-	6,974,084
Interest & other income	39,279	185,082
Finders fee LPD investment in IAPL	-	(602,574)
Foreign exchange losses	-	(22,101)
<b>Net profit/(loss) before tax for the period</b>	<b>(221,445)</b>	<b>6,311,817</b>
Income tax gain	73,616	38,240
<b>Net profit/(loss) after tax for the period</b>	<b>(147,829)</b>	<b>6,350,057</b>
Less: Net loss after tax attributable to minority interests	(3,604)	30,810
Net profit/(loss) after tax for the year attributable to the Company	(144,225)	6,319,247
Foreign currency translation adjustment	1,194,253	481,807
<b>Comprehensive income for the period</b>	<b>1,050,028</b>	<b>6,801,054</b>
Deficit, beginning of the period	(9,378,714)	(15,168,451)
Deficit, end of the period	\$ (9,522,939)	\$ (8,849,204)
Basic and income (loss) per common share	(0.8) cents	34.1 cents
Diluted income (loss) per common share	(0.8) cents	33.2 cents
Basic weighted average number of common shares outstanding	19,038,650	18,536,542
Diluted weighted average number of common shares outstanding	19,038,650	18,992,493

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

**MACARTHUR MINERALS LIMITED**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited - prepared by Management)  
THREE MONTHS ENDED JUNE 30

	2009	2008
	\$	\$
<b>Operating Activities</b>		
Net profit/(loss) for the period	(144,225)	6,319,247
Items not involving cash:		
Dilution gain	-	(6,974,084)
Minority interest	(3,604)	30,810
Tax gain	(73,616)	(38,240)
Depreciation	3,094	4,341
	<u>(218,351)</u>	<u>(657,926)</u>
<i>Changes in non-cash working capital items related to operations</i>		
Receivables	(40,260)	(155,464)
Prepayment and deposits	(2,434)	-
Costs of deposit received expensed	-	60,000
Accounts payable and accrued liabilities	17,482	(106,786)
	<u>17,482</u>	<u>(106,786)</u>
<b>Cash flows from Operating Activities</b>	<b><u>(243,563)</u></b>	<b><u>(860,176)</u></b>
<b>Investing Activities</b>		
Plant and equipment	(12,222)	(15,193)
Acquisition costs	-	-
Deferred exploration expenditures	(865,171)	(1,665,589)
	<u>(877,393)</u>	<u>(1,680,782)</u>
<b>Financing Activities</b>		
Issuance of Common Shares	-	70,000
Cost of share issue	-	9,000,000
Proceeds from issuance of common shares in subsidiary	-	(79,966)
Due to related parties	924	3,067
	<u>924</u>	<u>8,993,101</u>
<b>Cash flows from Financing Activities</b>	<b><u>924</u></b>	<b><u>8,993,101</u></b>
Increase/(decrease) in cash during the period	(1,120,032)	6,452,143
Foreign exchange effect on cash and cash equivalents	452,944	267,117
Cash and cash equivalents, beginning of the period	<u>5,698,196</u>	<u>3,352,337</u>
Cash and cash equivalents, end of the period	<u>5,031,108</u>	<u>10,071,597</u>

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

**MACARTHUR MINERALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited – Prepared by Management)  
JUNE 30, 2009

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Macarthur Minerals Limited (the “Company”) is in the business of exploration and development of resource properties.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	June 30, 2009	June 30, 2008
Deficit	\$ (9,413,844)	\$ (8,849,204)
Working capital	4,688,588	10,248,712

**2. SIGNIFICANT ACCOUNTING POLICIES**

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for audited financial statements. In the opinion of management, all adjustments (consisting of normal and recurring accruals) considered necessary for fair presentation have been included. Operating results for the three-month period ended June 30, 2009 are not necessarily indicative of the results that may be expected for the year ended March 31, 2010.

The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company’s annual consolidated financial statements for the year ended March 31, 2009. For further information, refer to the consolidated financial statements and footnotes thereto included for the year ended March 31, 2009.

**Comparative figures**

Certain comparative figures have been reclassified to conform with the current period's presentation.

**3. PLANT AND EQUIPMENT**

	June 30, 2009	March 31, 2009
<b>Plant and Equipment</b>		
Plant and equipment	\$ 106,089	\$ 85,623
Accumulated depreciation	(18,830)	(16,029)
	<u>87,259</u>	<u>69,594</u>
Office equipment	33,602	30,849
Accumulated depreciation	(16,966)	(13,854)
	<u>16,636</u>	<u>16,995</u>
	<u>\$ 103,895</u>	<u>\$ 86,589</u>

**MACARTHUR MINERALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**4. MINERAL PROPERTIES**

In April 2008 LPD Holdings (Australia) Pty Ltd (“LPD”) acquired a 30% interest in IAPL for \$10 million. In January 2009 LPD sold 20% of IAPL’s shares to Minmetals Mining Corporation Limited (MMCL) and the shareholding in IAPL is now MMS 70%, MMCL 20% and LPD 10%.

The Company is proceeding to reacquire the 30% of IAPL held by LPD and MMCL in exchange for the issuance of 1,572,326 and 3,144,654 common shares in MMS to LPD and MMCL respectively, all at a deemed price of C\$2.12 per common share. Completion of the transaction remains subject to approval of the TSX Venture Exchange.

The Company will continue to seek out strategic partners for the development of the Lake Giles project and/or parties interested in acquiring the project

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

	Acquisition Costs	Deferred Exploration Costs	Total
	\$	\$	\$
<b>Balance, as at March 31, 2009</b>	<b>1,931,031</b>	<b>7,936,173</b>	<b>9,867,204</b>
Incurred during the first quarter	-	942,630	942,630
Foreign currency variances on June 30, 2009 balances	172,280	708,041	880,321
<b>Balance, as at June 30, 2009</b>	<b>2,103,311</b>	<b>9,586,844</b>	<b>11,690,155</b>

**5. NON-CONTROLLING INTEREST**

	\$
<b>Balance as at March 31, 2009</b>	<b>2,239,624</b>
Loss attributable to minority interests	(3,604)
Foreign currency variances on June 30, 2009 balances	199,634
<b>Balance as at June 30, 2009</b>	<b>2,435,654</b>

**MACARTHUR MINERALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**6. CAPITAL STOCK AND CONTRIBUTED SURPLUS**

	Number of Shares	Capital Stock \$	Contributed Surplus \$
Authorized			
Unlimited common voting shares, without par value			
<b>Balance as at March 31, 2009</b>	<b>19,038,650</b>	<b>23,114,945</b>	<b>1,146,295</b>
<b>Balance as at June 30, 2009</b>	<b>19,038,650</b>	<b>23,114,945</b>	<b>1,037,200</b>

The Company, in accordance with the policies of the TSX Venture Exchange, is authorized to grant options to directors, employees and consultants, to acquire up to 10% of issued and outstanding common stock. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years. Options granted to employees, directors and officers vest fully four months after the grant date. Options issued to consultants must vest in stages over 12 months with one quarter of the options vesting in any three month period.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Three Months Ended June 30, 2009		Year Ended March 31, 2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,575,000	\$ 1.45	1,575,000	\$ 1.47
Granted	-	-	200,000	1.77
Exercised	-	-	(200,000)	0.35
Expired/cancelled	<u>(200,000)</u>	<u>1.60</u>	-	-
<b>Outstanding, end of period</b>	<b>1,375,000</b>	<b>\$ 1.43</b>	<b>1,575,000</b>	<b>\$ 1.45</b>
<b>Options exercisable, end of period</b>	<b>1,375,000</b>	<b>\$ 1.43</b>	<b>1,475,000</b>	<b>\$ 1.31</b>

The Company is seeking shareholder approval to decrease the exercise price of 440,000 options from \$1.60 to \$1.00 and 300,000 options from \$1.20 to \$1.00. This would reduce the weighted average exercise price for options outstanding as at June 30, 2009 to \$1.19.

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**6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**

**Stock options (cont'd...)**

Stock options outstanding at June 30, 2009 are as follows:

Number of Options	Exercise Price	Expiry Date
	\$	
50,000	1.50	September 30, 2009
110,000	1.60	September 30, 2009
440,000	1.60	December 22, 2011
100,000	1.00	September 30, 2009
100,000	1.00	October 19, 2012
300,000	1.20	November 26, 2012
75,000	1.30	December 4, 2012
100,000	2.25	July 10, 2013
100,000	1.288	September 10, 2013

**Warrants**

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

	Three Months Ended June 30, 2009		Year Ended March 31, 2009	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	2,000,000	\$ 2.00	2,500,000	\$ 2.00
Granted	-		-	
Exercised	-		(500,000)	\$ 2.00
Expired	-		-	
Outstanding, end of period	2,000,000	\$ 2.00	2,000,000	\$ 2.00
Warrants exercisable, end of period	2,000,000	\$ 2.00	2,000,000	\$ 2.00

Warrants outstanding at June 30, 2009 are as follows:

Number of Warrants	Exercise Price	Expiry Date
	\$	
1,500,000	2.00	January 3, 2010 (extended from July 3, 2009)
500,000	2.00	January 15, 2010 (extended from July 15, 2009)

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**7. ACCUMULATED OTHER COMPREHENSIVE INCOME**

<b>Balance as at March 31, 2009</b>	<b>\$ (747,200)</b>
Foreign currency translation adjustment for the quarter	1,194,253
<b>Balance as June 30, 2009</b>	<b>\$ 447,053</b>

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**8. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties during the quarter:

- a) Paid or accrued nil (2008: \$42,700) for geological services provided by International Gold Mining Ltd, an entity associated with directors Alan Phillips and Nick Revell (resigned 20 April 2009).
- b) Paid or accrued \$128,202 (2008: \$41,379) in directors fees and management fees to directors and an officer of the Company.
- c) Paid or accrued \$12,500 for geological services provided by Ruby Rich Pty Ltd, an entity associated with former director Nick Revell.
- d) At June 30, 2009, \$3,672 (2008: \$12,000) is owed to directors and a private Company controlled by directors for accrued directors and management fees, geological services and expenses paid on behalf of the Company.
- e) At June 30, 2009, there is \$35,252 (2008: \$36,840) owing to a majority shareholder, Talbot Group Holdings Pty Ltd.
- f) The Company received \$10,863 (2008: \$12,330) in rent from Cadan Resources Corporation, a company of which Alan Phillips is a director, for offices sub-let by the Company in Vancouver.
- g) The Company received nil (2008: \$12,330) in rent from International Gold Mining Ltd, a company of which Alan Phillips and Nick Revell are directors, for offices sub-let by the Company in Vancouver.

These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**MACARTHUR MINERALS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**9. FINANCIAL INSTRUMENTS**

**Credit risk**

*Exposure to credit risk*

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

	<i>Carrying amount</i>
	\$
<i>Financial assets</i>	
Cash and cash equivalents	5,031,108
Receivables	206,410
Prepayments and deposits	51,353
	<u>5,288,871</u>

The Company receivables comprised current outstanding rental invoices, accrued interest on term deposits and taxation payments recoverable from the Australian government.

None of the Company's receivables is overdue or impaired in 2009.

*Exposure to liquidity risk*

The Company has no financial liabilities at the balance date, other than payables.

*Exposure to currency risk*

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

	AUD	CAD
Cash and cash equivalents	3,725,226	1,305,882
Receivables	185,038	21,372
Prepayments and deposits	31,493	19,860
	<u>3,941,757</u>	<u>1,347,114</u>
Trade and other payables	537,226	-
Owing to related parties	63,057	-
	<u>600,283</u>	<u>-</u>
Net exposure	<u>3,341,474</u>	<u>1,347,114</u>

*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:

	<b>Consolidated Carrying amount</b>
<i>Variable rate instruments</i>	
Financial assets	\$ 3,941,757

**Fair values**

The carrying value of all financial instruments at balance date is equal to fair value.

**MACARTHUR MINERALS LIMITED**  
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**9. SUBSEQUENT EVENTS**

- a) On July 31, 2009 the Company issued 520,000 options to certain directors, officers and consultants of the Company, with an exercise price of \$1.00 and expiring on July 31, 2014. The options will vest on November 30, 2009.
- b) On August 14, 2009 the Company has acquired 10% of Internickel Australia Pty Ltd (IAPL) which holds a 100% of the Lake Giles project from LPD Holdings Australia Pty Ltd by the issue of 1,572,326 Macarthur Mineral Limited shares at an issue price of C\$2.12 ps. This now gives the Company 80% of the issued capital of IAPL. The Company is in the final stages of acquiring the remaining 20% of IAPL which is subject to TSX-V and other regulatory approvals being obtained.