

MACARTHUR MINERALS LIMITED
Australian Company Number 103 011 436

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(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, 2008. Accordingly, the interim financial statements for the three month period ended June 30, 2008 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, 2008 AND MARCH 31, 2008

	June 30, 2008	March 31, 2008
ASSETS		
Current		
Cash	\$ 10,071,597	\$ 3,352,337
Receivables	363,396	197,871
Prepayments and deposits	28,765	27,783
Total current assets	10,463,758	3,577,991
Non-Current		
Future tax assets	1,394,214	1,248,441
Plant and equipment (Note 3)	108,674	94,275
Mineral properties (Note 4)	6,707,237	4,837,774
Total non-current assets	8,210,125	6,180,490
Total assets	18,673,883	\$ 9,758,481
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	166,316	265,809
Due to related parties (Note 6)	48,730	44,046
Total current liabilities	215,046	309,855
Deferred dilution gain	-	940,000
Non-controlling interest	3,079,157	-
Shareholders' equity		
Capital stock (Note 5)	22,059,368	21,989,368
Contributed surplus (Note 5)	1,121,674	1,121,674
Accumulated other comprehensive income	7,991,116	566,035
Deficit	(15,792,478)	(15,168,451)
Total shareholders' equity	15,379,680	8,508,626
Total liabilities and shareholders' equity	18,673,883	\$ 9,758,481

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

	2008	2007
Administrative Expenses		
Depreciation	\$ 4,341	\$ 2,070
Filing and transfer agent fees	5,933	21,910
Investor relations & printing	7,361	32,100
Office and general	14,309	20,318
Rent	23,948	
Professional Fees	53,115	31,498
Salaries and management fees	84,075	36,679
Travel and accommodation	29,592	14,523
	<u>222,674</u>	<u>159,098</u>
Total Administrative Expenses	222,674	159,098
Loss before other items	(222,674)	(159,098)
Other items:		
Interest & other income	185,082	6,416
Finders fee LPD investment in IAPL	(602,574)	-
Foreign exchange losses	(22,101)	-
	<u>(439,593)</u>	<u>(6,416)</u>
Net profit/(loss) before tax for the period	(662,267)	(152,682)
Income tax gain	38,240	-
	<u>(624,027)</u>	<u>(152,682)</u>
Net profit/(loss) after tax for the period	(624,027)	(152,682)
Foreign currency translation adjustment	356,837	-
Dilution gain	7,080,113	-
	<u>6,812,922</u>	<u>(152,682)</u>
Comprehensive income for the period	6,812,922	(152,682)
Deficit, beginning of the period	<u>(15,168,451)</u>	<u>(15,077,984)</u>
Deficit, end of the period	<u>(15,792,478)</u>	<u>\$ (15,230,666)</u>
Basic and diluted loss per common share	(3.4) cents	(1.1) cents
Weighted average number of common shares outstanding	18,536,542	15,099,761

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

	2008	2007
	\$	\$
Operating Activities		
Net loss for the period	(624,027)	(152,680)
Items not involving cash:		
Tax gain	(38,240)	-
Depreciation	4,341	2,070
	<u>(657,926)</u>	<u>(150,610)</u>
<i>Changes in non-cash working capital items related to operations</i>		
Receivables	(155,464)	(555)
Prepayment and deposits	-	(4,388)
Costs of deposit received expensed	60,000	-
Accounts payable and accrued liabilities	(106,786)	(58,567)
Cash flows from Operating Activities	<u>(860,176)</u>	<u>(214,120)</u>
Investing Activities		
Plant and equipment	(15,193)	(21,670)
Acquisition costs	-	(2,016)
Deferred exploration expenditures	(1,665,589)	(148,912)
Cash flows from Investing Activities	<u>(1,680,782)</u>	<u>(172,598)</u>
Financing Activities		
Issuance of Common Shares	70,000	1,400,000
Cost of share issue	9,000,000	(98,000)
Proceeds from issuance of common shares in subsidiary	(79,966)	-
Due to related parties	3,067	32,242
Cash flows from Financing Activities	<u>8,993,101</u>	<u>1,334,242</u>
Increase in cash during the period	6,452,143	947,524
Foreign exchange effect on cash and cash equivalents	267,117	(21,890)
Cash and term deposits, beginning of the period	<u>3,352,337</u>	<u>617,003</u>
Cash and term deposits, end of the period	<u>10,071,597</u>	<u>1,542,637</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, 2008

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, 2008	June 30, 2007
Deficit	\$ (15,792,478)	\$ (15,230,666)
Working capital (deficiency)	10,248,712	1,349,727

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, 2008 are not necessarily indicative of the results that may be expected for the year ended March 31, 2009.

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, 2008. For further information, refer to the consolidated financial statements and footnotes thereto included for the year ended March 31, 2008.

Comparative figures

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

3. PLANT AND EQUIPMENT

	June 30, 2008	March 31, 2008
Plant and Equipment		
Plant and equipment	91,171	73,094
Accumulated depreciation	(8,155)	(5,633)
	<u>83,016</u>	<u>67,461</u>
Office equipment	35,115	33,916
Accumulated depreciation	(9,457)	(7,102)
	<u>25,658</u>	<u>26,814</u>
	<u>108,674</u>	<u>94,275</u>

MACARTHUR MINERALS LIMITED
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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 2008 the Company received a deposit of \$940,000 net of costs, which has been recorded as a deferred dilution gain until the \$10 million has been received. Upon receiving the remaining proceeds, the Company recognized minority interest of \$3,079,157 representing LPD’s 30% share in IAPL’s net assets. A dilution gain of \$7,080,116 was recognized as part of comprehensive income.

Under the terms of the agreement, 85% of the \$10 million consideration will be directed towards a drilling program. LPD has the option to acquire a further 50% of IAPL for \$100 million upon certain conditions being met. LPD also has a further option to acquire the remaining 20% at a future agreed price.

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

	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Balance, as at March 31, 2008	2,122,981	2,714,793	4,837,774
Incurring during the first quarter	-	1,698,415	1,698,415
Foreign currency variances on June 30, 2008 balances	75,062	95,986	171,048
Balance, as at June 30, 2008	2,198,043	4,509,194	6,707,237

5. CAPITAL STOCK

	Number of Shares	Capital Stock \$	Contributed Surpl \$
Authorized			
Unlimited common voting shares, without par value			
Balance as at March 31, 2008	18,338,650	21,989,368	1,121,674
Share Issue	200,000	70,000	-
Balance as at June 30, 2008	18,538,650	22,059,368	1,121,674

On April 1, 2008 the Company issued 200,000 shares to Longview Strategies at \$0.35 per share upon the exercise of 200,000 options.

MACARTHUR MINERALS LIMITED
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5. CAPITAL STOCK (cont'd...)

Stock options

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, 2008		Year Ended March 31, 2008	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,575,000	\$ 1.27	1,450,000	\$ 1.35
Granted	-	-	575,000	1.14
Exercised	(200,000)	0.35	(450,000)	0.46
Expired/cancelled	-	-	-	-
Outstanding, end of period	1,375,000	\$ \$1.41	1,575,000	\$ 1.27
Options exercisable, end of period	1,375,000	\$ \$1.41	1,500,000	\$ 1.27

Stock options outstanding at June 30, 2008 are as follows:

Number of Options	Exercise Price	Expiry Date
	\$	
50,000	1.50	September 22, 2011
750,000	1.60	December 22, 2011
200,000	1.00	October 19, 2012
300,000	1.20	November 26, 2012
75,000	1.30	December 4, 2012

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. CAPITAL STOCK (cont'd...)

Warrants

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

	Three Months Ended June 30, 2008		Year Ended March 31, 2008	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	2,500,000	\$ 1.52	-	
Granted	-		2,500,000	\$ 1.52
Exercised	-		-	
Expired	-		-	
Outstanding, end of period	2,500,000	\$ 1.52	2,500,000	\$ 1.52
Warrants exercisable, end of period	2,500,000	\$ 1.52	2,500,000	\$ 1.52

6. ACCUMULATED OTHER COMPREHENSIVE INCOME

Balance as at March 31, 2008	\$ 566,035
Foreign currency translation adjustment for the quarter	344,965
Dilution gain	7,080,116
Balance as June 30, 2008	\$ 7,991,116

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. RELATED PARTY TRANSACTIONS

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

- a) Paid or accrued \$42,700 (2007: \$43,595) for geological services provided by International Gold Mining Ltd, an entity associated with directors, David Barwick, Alan Phillips and Nick Revell..
- b) Paid or accrued \$41,379 (2007: \$27,795) in directors fees and management fees to directors and an officer of the Company.
- c) At June 30, 2008, \$12,000 (2007: \$184,499) 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.
- d) At June 30, 2008, there is \$36,840 (2007: \$34,070) owing to a majority shareholder, Talbot Group Holdings Pty Ltd (formerly MDA Capital Pty Ltd).
- e) The Company received \$12,330 (2007: nil) in rent from Cadan Resources Corporation, a company of which Alan Phillips is a director, for offices sub-let by the Company in Vancouver.
- f) The Company received \$12,330 (2007: nil) 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.

8. 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	10,071,597
Trade and other receivables	363,396
Prepayments and deposits	28,765
	<u>10,463,758</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 2008.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. FINANCIAL INSTRUMENTS (Cont'd...)

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	9,647,140	424,457
Receivables	327,617	35,779
Deposits	9,956	18,809
	<u>9,984,713</u>	<u>479,045</u>
Trade and other payables	166,316	-
Owing to related parties	42,106	6,624
	<u>208,422</u>	<u>6,624</u>
Net exposure	<u>9,776,291</u>	<u>472,421</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:

	Consolidated Carrying amount
<i>Variable rate instruments</i>	
Financial assets	<u>9,647,140</u>

Fair values

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

9. SUBSEQUENT EVENTS

100,000 Options were issued to Axiom Consulting Corp for assistance as a consultant with Investor Relations. The exercise price is C\$2.25 but do not vest with the holder until shares in MMS trade at C\$3.25. The options were issued on the 14th July 2008 and expire on 14th July 2013.