

MACARTHUR MINERALS LIMITED
Australian Company Number 103 011 436

CONSOLIDATED FINANCIAL STATEMENTS

September 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 six month period ended September 30, 2009. Accordingly, the interim financial statements for the six month period ended September 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 SEPTEMBER 30, 2009 AND MARCH 31, 2009

	September 30, 2009	March 31, 2009
ASSETS		
Current		
Cash and cash equivalents	\$ 3,711,040	\$ 5,698,196
Receivables	117,319	150,711
Prepayments and deposits	52,224	44,801
Total current assets	3,880,583	5,893,708
Non-Current		
Future tax assets	1,182,895	1,029,026
Plant and equipment (Note 3)	102,985	86,589
Mineral properties (Note 4)	13,266,115	9,867,204
Total non-current assets	14,551,995	10,982,819
Total assets	\$ 18,432,578	\$ 16,876,527
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	833,445	444,576
Due to related parties (Note 8)	255	57,001
Total current liabilities	833,700	501,577
Non-controlling interest (Note 5)	1,665,136	2,239,624
Shareholders' equity		
Capital stock (Note 6)	24,372,806	23,114,945
Contributed surplus (Note 6)	1,258,720	1,146,295
Accumulated other comprehensive income (Note 7)	723,846	(747,200)
Deficit	(10,421,630)	(9,378,714)
Total shareholders' equity	15,933,742	14,135,326
Total liabilities and shareholders' equity	\$ 18,432,578	\$ 16,876,527

Nature and continuance of operations (Note 1)

On behalf of the Board:

"Alan Spence Phillips" Director
Alan Spence Phillips

"John Toigo" Director
John Toigo

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)
SECOND QUARTER ENDED SEPTEMBER 30

	Three Months Ended September 30		Six Months Ended September 30	
	2009	2008	2009	2008
Administrative Expenses				
Depreciation	\$ 5,026	\$ 4,989	\$ 8,120	\$ 9,330
Filing and transfer agent fees	22,229	30,005	25,995	35,938
Investor relations & printing	16,997	7,015	35,351	14,376
Office and general	9,005	12,166	24,606	26,475
Professional Fees	210,779	55,119	250,463	108,234
Rent	38,806	29,658	63,130	53,606
Salaries and management fees	58,185	123,327	209,533	207,402
Stock-based compensation	221,520	18,940	221,520	18,940
Travel and accommodation	20,414	9,249	24,967	38,841
Total Administrative Expenses	602,961	290,468	863,685	513,142
Loss before other items	(602,961)	(290,468)	(863,685)	(513,142)
Other items:				
Dilution gain/(loss)	(445,976)	-	(445,976)	6,974,084
Interest income	24,175	138,427	40,536	298,848
Rent received	16,783	33,111	39,701	57,772
Finders fee LPD investment in IAPL	-	-	-	(602,574)
Foreign exchange gain/(loss)	-	100,833	-	78,732
Net profit/(loss) before tax for the period	(1,007,979)	(18,097)	(1,229,424)	6,293,720
Income tax gain	102,084	1,150,921	175,700	1,189,161
Net profit/(loss) after tax for the period	(905,895)	1,132,824	(1,053,724)	7,482,881
Less				
Net profit/loss attributable to minority interests	7,204	31,094	10,808	61,904
Net income/(loss) after tax for the period attributable to the Company	(898,691)	1,101,730	(1,042,916)	7,420,977
Deficit, beginning of the period	(9,522,939)	(8,849,204)	(9,378,714)	(15,168,451)
Deficit, end of the period	\$(10,421,630)	\$(7,747,474)	\$(10,421,630)	\$(7,747,474)
Basic and diluted earnings/(loss) per common share	(\$0.05)	\$0.06	(\$0.05)	\$0.40
Weighted average of common shares outstanding				
Basic	19,602,636	18,538,650	19,322,184	18,537,557
Diluted	19,602,636	18,597,573	19,322,184	18,633,195

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

MACARTHUR MINERALS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - prepared by Management)
SECOND QUARTER ENDED SEPTEMBER 30

	Three Months Ended September 30		Six Months Ended September 30	
	2009	2008	2009	2008
Operating Activities				
Net income/(loss) for the period	\$ (905,895)	\$ 1,132,824	(1,053,724)	\$ 7,482,881
Deduct item not involving cash:				
Dilution gain/loss	445,976	-	445,976	(6,974,084)
Depreciation	5,026	4,989	8,120	9,330
Future income tax recovery	102,084	(1,150,921)	28,468	(1,189,161)
Cost of expensing deposit received	-	-	-	60,000
Stock-based compensation	221,520	18,940	221,520	18,940
	(131,289)	5,832	(349,640)	(592,094)
<i>Changes in non-cash working capital items related to operations</i>				
Receivables and prepayments and deposits	88,220	(278,705)	45,526	(434,169)
Accounts payable and accrued liabilities	296,219	(76,119)	313,701	(182,905)
Cash flows used in Operating Activities	253,150	(348,992)	359,227	(1,209,168)
Investing Activities				
Plant and equipment	-	(5,496)	(12,222)	(20,689)
Deferred acquisition costs	-	-	-	-
Mineral exploration expenditure	(1,454,876)	(1,708,296)	(2,320,047)	(3,373,885)
Cash flows used in Investing Activities	(1,454,876)	(1,713,792)	(2,332,269)	(3,394,574)
Financing Activities				
Issuance of capital stock	-	-	-	70,000
Proceeds from issuance of shares in subsidiary	-	-	-	9,000,000
Share issuance costs	-	(45,742)	-	(125,708)
Due to related parties	(56,746)	17,619	(55,822)	20,686
Cash flows from/(used in) Financing Activities	(56,746)	(28,123)	(55,822)	8,964,978
Effect of foreign exchange on cash flows	(69,693)	(1,164,610)	391,348	(897,493)
Increase/(decrease) in cash during the period	(1,320,068)	(3,255,517)	(1,987,156)	3,463,743
Cash, beginning of the period	5,031,108	10,071,597	5,698,196	3,352,337
Cash, end of the period	\$ 3,711,040	\$ 6,816,080	\$ 3,711,040	\$ 6,816,080

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)
SEPTEMBER 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.

	September 30, 2009	March 31, 2009
Deficit	\$(10,421,630)	\$ (8,849,204)
Working capital	3,046,883	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 six-month period ended September 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

	September 30, 2009	March 31, 2009
Plant and Equipment		
Plant and equipment	97,996	85,623
Accumulated depreciation	21,330	(16,029)
	<u>76,666</u>	<u>69,594</u>
Office equipment	46,501	30,849
Accumulated depreciation	(20,182)	(13,854)
	<u>26,319</u>	<u>16,995</u>
	<u>\$ 102,985</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. On August 28, 2009 10% was acquired from LPD in exchange for the issuance of 1,572,326 shares in MMS at a deemed price of \$2.12 per share.

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
	\$	\$	\$
Balance, as at March 31, 2009	1,931,031	7,936,173	9,867,204
Incurring during the first quarter	-	942,630	942,630
Foreign currency variances on June 30, 2009 balances	172,280	708,041	880,321
Balance, as at June 30, 2009	2,103,311	9,586,844	11,690,155
Incurring during the second quarter	-	1,454,876	1,454,876
Foreign currency variances on September 30, 2009 balances	35,723	85,361	121,084
Balance, as at September 30, 2009	2,139,034	11,127,081	13,266,115

5. NON-CONTROLLING INTEREST

	\$
Balance as at March 31, 2009	2,239,624
Loss attributable to minority interests for the June quarter	(3,604)
Foreign currency variances on June 30, 2009 balances	199,634
Balance as at June 30, 2009	2,435,654
Loss attributable to minority interests for the September quarter	(7,204)
Foreign currency variances on September 30, 2009 balances	48,570
Repurchase of 10% interest	(811,884)
Balance as at September 30, 2009	1,665,136

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			
Balance as at March 31, 2009	19,038,650	23,114,945	1,146,295
Lapse of options	-	-	(109,095)
Balance as at June 30, 2009	19,038,650	23,114,945	1,037,200
Stock-based compensation	-	-	221,520
Issue of shares	1,572,326	1,257,861	-
Balance as at September 30, 2009	20,610,976	24,372,806	1,258,720

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:

	Six Months Ended September 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	520,000	1.00	200,000	1.77
Exercised	-	-	(200,000)	0.35
Expired/cancelled	(200,000)	\$ 1.60	-	-
Outstanding, end of period	1,895,000	\$ 1.43	1,575,000	\$ 1.45
Options exercisable, end of period	1,895,000	\$ 1.43	1,575,000	\$ 1.31

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 22, 2011 (Subsequently changed to September 30, 2009)
110,000	1.60	December 22, 2011 (Subsequently changed to September 30, 2009)
440,000	1.60	December 22, 2011
100,000	1.00	October 19, 2012 (Subsequently changed to 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
520,000	1.00	August 4, 2014

Warrants

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

	Six Months Ended September 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	
Granted	-		-	\$ 2.00
Exercised	-		(500,000)	
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 September 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

Balance as at March 31, 2009	\$ 447,053
Foreign currency translation adjustment for the quarter	276,793
Balance as June 30, 2009	\$ 723,846

8. RELATED PARTY TRANSACTIONS

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

- a) Paid or accrued nil (2008: \$67,538) for geological services provided by International Gold Mining Ltd, an entity associated with directors Alan Phillips and Nick Revell (resigned 6 February 2009).
- b) Paid or accrued \$112,708 (2008: \$47,236) in directors fees and management fees to directors and an officer of the Company.
- c) The Company received \$NIL (2008: \$13,196) in rent from Cadan Resources Corporation, a company of which Alan Phillips is a director, for offices sub-let by the Company in Vancouver.
- d) The Company received \$7,351 (2008: \$19,915) in rent from International Gold Mining Ltd, a company of which Alan Phillips is a director, 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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SEPTEMBER 30, 2009

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	3,711,040
Trade and other receivables	117,319
Prepayments and deposits	52,224
	<u>3,880,583</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	3,429,255	366,479
Receivables	117,319	-
Prepayments and deposits	52,224	-
	<u>3,598,798</u>	<u>366,479</u>
Trade and other payables	833,445	-
Owing to related parties	255	-
	<u>833,700</u>	<u>-</u>
Net exposure	<u>2,765,098</u>	<u>366,479</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	3,598,798

Fair values

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