

MACARTHUR MINERALS LIMITED
Australian Company Number 103 011 436

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

All amounts are in Canadian dollars unless otherwise stated

AUDITORS' REPORT

To the Shareholders of
MacArthur Minerals Limited

We have audited the consolidated balance sheets of MacArthur Minerals Limited as at March 31, 2009 and 2008 and the consolidated statements of operations, comprehensive income and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

June 24, 2009



MACARTHUR MINERALS LIMITED
CONSOLIDATED BALANCE SHEETS
AS AT MARCH 31

	2009	2008
ASSETS		
Current		
Cash	\$ 5,698,196	\$ 3,352,337
Receivables	150,711	197,871
Prepayments	44,801	27,783
Total current assets	5,893,708	3,577,991
Non-Current		
Future tax assets (Note 11)	1,029,026	1,248,441
Plant and equipment (Note 3)	86,589	94,275
Mineral properties (Note 4)	9,867,204	4,837,774
Total non-current assets	10,982,819	6,180,490
Total assets	\$ 16,876,527	\$ 9,758,481
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 444,576	\$ 265,809
Due to related parties (Note 9)	57,001	44,046
Total current liabilities	501,577	309,855
Deferred dilution gain (Note 4)	-	940,000
Non-controlling interest (Note 5)	2,239,624	-
	2,239,624	940,000
Shareholders' equity		
Capital stock (Note 6)	23,114,945	21,989,368
Contributed surplus (Note 6)	1,146,295	1,121,674
Accumulated other comprehensive income (Note 7)	(747,200)	566,035
Deficit	(9,378,714)	(15,168,451)
Total shareholders' equity	14,135,326	8,508,626
Total liabilities and shareholders' equity	\$ 16,876,527	\$ 9,758,481

Nature and continuance of operations (Note 1)

Subsequent events (Note 16)

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, COMPREHENSIVE INCOME AND DEFICIT
YEARS ENDED MARCH 31

	2009	2008
EXPENSES		
Amortization	\$ 18,854	\$ 10,983
Filing and transfer agent fees	49,108	56,883
Investor relations & printing	22,188	115,848
Office and general	54,019	49,844
Rent	107,692	80,814
Professional Fees	402,766	125,224
Salaries and management fees	559,308	262,504
Stock-based compensation	80,198	568,468
Travel and accommodation	94,444	98,060
Total Administrative Expenses	1,388,577	1,368,628
Loss before other items	(1,388,577)	(1,368,628)
Other items:		
Dilution gain	6,974,084	-
Interest income	438,068	67,503
Rent income (Note 9)	88,763	90,102
Finders fee: investment in IAPL	(602,574)	-
Foreign exchange gain / (loss)	48,240	(127,885)
	6,946,581	29,720
Net profit/(loss) before tax for the year	5,558,004	(1,338,908)
Future income tax (expense)/recovery (Note 11)	(219,415)	1,248,441
Net profit/(loss) after tax for the year	5,338,589	(90,467)
Add: Net loss after tax attributable to minority interests	451,148	-
Net profit/(loss) after tax for the year attributable to the Company	5,789,737	(90,467)
Foreign currency translation adjustment	(1,313,235)	251,805
Comprehensive income for the year	4,476,502	161,338
Deficit, beginning of year	(15,168,451)	(15,077,984)
Deficit, end of year	\$ (9,378,714)	\$ (15,168,451)
Basic profit/(loss) per common share	\$ 0.31	\$ (0.01)
Diluted profit/(loss) per common share	\$ 0.30	\$ (0.01)
Basic weighted average number of common shares outstanding	18,688,787	16,344,641
Diluted weighted average number of common shares outstanding	19,072,537	16,344,641

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

MACARTHUR MINERALS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31

	2009	2008
OPERATING ACTIVITIES		
Net profit/(loss) for the year	\$ 5,789,737	\$ (90,467)
Items not involving cash:		
Amortization	18,854	10,983
Stock-based compensation	80,198	568,468
Future income tax expense (recovery)	219,415	(1,248,441)
Dilution gain	(6,974,084)	-
Minority interest	(451,148)	-
<i>Changes in non-cash working capital items related to operations</i>		
Receivables	30,157	(129,891)
Prepayments	(20,122)	(9,171)
Accounts payable and accrued liabilities	(156,414)	140,689
Net Cash Used in Operating Activities	(1,463,407)	(757,830)
INVESTING ACTIVITIES		
Plant and equipment	(19,717)	(73,670)
Mineral exploration expenditures	(5,267,071)	(1,562,859)
Cash flows used in Investing Activities	(5,286,788)	(1,636,529)
FINANCING ACTIVITIES		
Issuance of Common Shares	1,070,000	4,407,000
Deposit for 30% of IAPL	-	1,000,000
Balance of IAPL share issue proceeds	9,000,000	-
Cost of share issues and deposit	(125,708)	(284,000)
Due to related parties	17,452	(144,113)
Cash flows from Financing Activities	9,961,744	4,978,887
Exchange effect on cash	(865,690)	150,806
Increase in cash during year	2,345,859	2,735,334
Cash, beginning of year	3,352,337	617,003
Cash, end of year	\$ 5,698,196	\$ 3,352,337

Supplemental disclosures with respect to cash flows (Note 12)

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

MACARTHUR MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009

1. NATURE AND CONTINUANCE OF OPERATIONS

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

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles 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. As at the date of this report, the Company has raised adequate financing to achieve this (Refer Note 16: Subsequent events).

	2009	2008
Deficit	\$ (9,378,714)	\$ (15,168,451)
Working capital	5,392,131	3,268,136

2. SIGNIFICANT ACCOUNTING POLICIES

(a) **Changes in accounting policies**

There have been no changes in accounting policies during the year.

Future accounting changes

The Company will adopt the new standard "*Goodwill and Intangible Assets*" (Section 3064) for its fiscal period beginning April 1, 2009. This Section replaces Section 3062 "*Goodwill and Other Intangible Assets*" and Section 3450 "*Research and Development Costs*". The new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in Section 3062. The Company is currently evaluating the impact of the adoption of this new standard on its financial statements, and is not expecting a significant impact.

Business combinations (Section 1582)

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards. The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The Company does not expect the adoption of this section to have a significant effect on its financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Future accounting changes (cont'd...)

Consolidated Financial Statements (Section 1601) and Non-Controlling Interests (Section 1602)

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" which replace Section 1600 "Consolidated Financial Statements." Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The Company does not expect the adoption of this section to have a significant effect on its financial statements.

Credit Risk and the Fair Value of Financial Assets and Liabilities (EIC-173)

In January 2009, the Emerging Issues Committee ("EIC") issued EIC -173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities." This abstract requires companies to take counterparty credit risk into account when measuring the fair value of financial assets and liabilities, including derivatives. This new standards is effective for the Company's interim and annual consolidated financial statements commencing April 1, 2009. The Company does not expect that the adoption of this standard will have a material impact on its financial statements.

Mining Exploration Costs (EIC-174)

On March 27, 2009, the CICA approved EIC-174 "Mining Exploration Costs." This guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

This standard will be effective for the Company beginning April 1, 2009. The Company does not expect that the adoption of this standard will have a material impact on its financial statements.

International Financial Reporting Standards ("IFRS")

In addition to the above new accounting pronouncements the Canadian Accounting Standards Board ("AcSB) in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over a five-year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-accountable enterprises to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. For the Company, the transition date will be effective April 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Company for the year end March 31, 2011. The Company has begun assessing the adoption of IFRS for 2011, and is currently in the planning phase of implementation, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

(c) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Tracker Resources Pty Ltd and 70% of Internickel Australia Pty Ltd ("IAPL") for 2009. The consolidated financial statements for fiscal 2008 include 100% of IAPL. All significant inter-company balances and transactions have been eliminated upon consolidation.

(d) Plant and equipment

Items of plant and equipment are stated at cost or deemed costs less accumulated amortization (see below) and impairment losses.

Amortization is charged to the statement of operations over the estimated useful lives of each part of an item of plant and equipment.

Items of plant and equipment are amortized as follows:

Asset group	Residual value	Estimated useful life	Basis of amortization
Plant and equipment	-	5 – 10 years	Straight line
Office equipment	-	3 - 5 years	Diminishing value

(e) Mineral properties

Costs related to the acquisition, exploration and development of mineral properties are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and development costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

The amounts shown for mineral properties and deferred exploration costs do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(f) Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

As at March 31, 2009 and 2008, there are no material asset retirement obligations.

(g) Impairment of long-lived assets

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset exceeds its fair value. For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition.

(h) Financial Instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified its cash as held-for-trading. Receivables are classified as loans and receivables.

Accounts payable and accrued liabilities and due to related parties are classified as other liabilities, which are measured at amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(i) Profit/(Loss) per share

Basic profit/(loss) per share is computed by dividing the profit/(loss) for the period by the weighted average number of common shares outstanding during the period.

For diluted per share computations, assumptions are made regarding potential common shares outstanding during the year. The weighted average number of common shares is increased to include the number of additional common shares that would be outstanding if, at the beginning of the period, or at time of issuance, if later, all options and warrants are exercised. Proceeds from exercise are used to purchase the Company's common shares at their average market price during the period, thereby reducing the weighted average number of common shares outstanding. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

(j) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets are recognized to the extent that realization of those assets is more likely than not. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. Withholding taxes, where applicable, on earnings of foreign operations are provided in the accounts only to the extent earnings are expected to be repatriated.

(k) Stock-based compensation

The Company recognizes compensation expense for all stock options granted using the fair value based method of accounting.

(l) Foreign currency translation

These accounts are presented in Canadian dollars.

The Australian dollar is the primary currency of the economic environment in which the operations of the Company and its subsidiaries are conducted and the Company uses the current rate method to translate its financial statements into Canadian dollars.

MACARTHUR MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(l) Foreign currency translation (cont'd...)

Under the current rate method, assets and liabilities are translated into Canadian dollars using the rate of exchange prevailing at the balance sheet date, and the statement of operations is translated at average rates during the reporting period. Adjustments resulting from the translation of its financial statements from Australian dollars into Canadian dollars are recorded in shareholders' equity as part of accumulated other comprehensive income.

Gains or losses resulting from transactions in currencies other than Australian dollars are reflected in the statement of operations for the reporting period.

(m) Comparative figures

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

3. PLANT AND EQUIPMENT

	2009	2008
Plant and Equipment		
Plant and equipment	\$ 85,623	\$ 73,094
Accumulated amortization	(16,029)	(5,633)
	<u>69,594</u>	<u>67,461</u>
Office equipment	30,849	33,916
Accumulated amortization	(13,854)	(7,102)
	<u>16,995</u>	<u>26,814</u>
	<u>\$ 86,589</u>	<u>\$ 94,275</u>

4. MINERAL PROPERTIES

As at the balance sheet date the Company held 70% of the outstanding and issued capital stock of IAPL. Its assets include a claim for a 100% interest in the Lake Giles Project located in Western Australia.

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, and the balance of the \$10 million in April 2008. Under the terms of the agreement, 85% of the \$10 million consideration will be directed towards a drilling program, with the balance to fund the ongoing administration of the Company. LPD had the option to acquire a further 50% of IAPL for \$100 million upon certain conditions being met. This agreement lapsed on June 2, 2009.

In January 2009 Minmetals Mining Corporation Limited (MMCL) completed a share sale agreement with LPD to acquire 20% of IAPL's shares and the shareholding in IAPL is now the Company 70%, MMCL 20% and LPD 10%. Under the agreement the Company has the right, but not the obligation, to repurchase the 30% interest by the issue of shares at \$2.12 per share.

MACARTHUR MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009

4. MINERAL PROPERTIES (cont'd...)

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

	Acquisition Costs	Deferred Exploration Costs	Total
Balance as at March 31, 2007	\$ 2,016,770	\$ 1,166,248	\$ 3,183,018
Incurred during the year			
Acquisition of tenements	95,970	-	95,970
Drilling	-	766,585	766,585
Fuel	-	48,926	48,926
Geology contractors	-	200,190	200,190
Sampling and testing	-	97,344	97,344
Rent and rates	-	119,181	119,181
Research and reports	-	74,983	74,983
Site preparation and earthwork	-	43,561	43,561
Tenement management and outlays	-	51,114	51,114
Accommodation and camp maintenance	-	53,143	53,143
Vehicle hire	-	50,400	50,400
Other	-	37,197	37,197
	95,970	1,542,624	1,638,594
Foreign Currency variance on March 31 balances	10,241	5,921	16,162
Balance as at March 31, 2008	2,122,981	2,714,793	4,837,774
Incurred during the year			
Drilling	-	2,703,947	2,703,947
Fuel	-	305,541	305,541
Geology contractors	-	467,207	467,207
Sampling and testing	-	669,666	669,666
Rent and rates	-	167,057	167,057
Research and reports	-	421,848	421,848
Site preparation and earthwork	-	183,491	183,491
Tenement management and outlays	-	19,338	19,338
Accommodation and camp maintenance	-	244,052	244,052
Vehicle hire	-	192,150	192,150
Other	-	92,543	92,543
	-	5,466,840	5,466,840
Foreign Currency variance on March 31 balances	(191,950)	(245,460)	(437,410)
Balance as at March 31, 2009	\$ 1,931,031	\$ 7,936,173	\$ 9,867,204

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

MACARTHUR MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009

5. NON-CONTROLLING INTEREST

Balance as March 31, 2008	\$ -
Arising on share issue to LPD	3,047,739
Loss attributable to minority interests for the year	(451,148)
Foreign currency variances on March 31, 2009 balances	(356,967)
Balance as at March 31, 2009	<u>\$ 2,239,624</u>

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Capital Stock	Contributed Surplus
Authorized:			
Unlimited common voting shares, without par value			
Issued:			
Balance as at March 31, 2007	14,888,650	\$ 17,681,590	\$ 678,254
Share issues	3,000,000	4,200,000	-
Share issue costs	-	(224,270)	-
Exercise of options	450,000	207,000	-
Exercise of options – Allocation of fair value	-	125,048	(125,048)
Stock-based compensation	-	-	568,468
Balance as at March 31, 2008	18,338,650	21,989,368	1,121,674
Exercise of options	200,000	70,000	-
Exercise of options – Allocation of fair value	-	55,577	(55,577)
Exercise of warrants	500,000	1,000,000	-
Stock-based compensation	-	-	80,198
Balance as at March 31, 2009	19,038,650	\$ 23,114,945	\$ 1,146,295

During the year ended March 31, 2009

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

On December 11, 2008, 500,000 shares were issued to Pinetree Resource Partnership at \$2.00 per share upon the exercise of 500,000 warrants.

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

During the year ended March 31, 2008

On June 15, 2007, 1,000,000 units were issued to Pinetree Resource Partnership at \$1.40 per unit. A placement fee of \$98,000 was paid to PowerOne Capital Markets Limited. Each unit consists of one common share and one half of one share purchase warrant. Each whole warrant is exercisable into one common share at a price of \$2.00 for a term of eighteen months from the date of grant.

On July 23, 2007, 90,000 shares were issued at \$0.46 per share upon the exercise of 90,000 options.

On October 19, 2007, 90,000 shares were issued at \$0.46 per share upon the exercise of 90,000 options.

On November 26, 2007, 270,000 shares were issued at \$0.46 per share upon the exercise of 270,000 options.

On January 3, 2008, 1,000,000 units were issued to First Apollo Capital Limited (an entity associated with a common director of the Company) and 500,000 units were issued to Pinetree Capital. All units were issued at \$1.40 and each unit comprises one common share and one warrant exercisable at \$2.00 per share for a term of eighteen months from the date of issue.

A placement fee of \$84,000 was paid to Unlimited Business Strategies Pty Ltd for the First Apollo Limited placement and a placement fee of \$42,000 was paid to PowerOne Capital Markets Limited for the Pinetree Capital placement.

On January 15 2008, 500,000 units were issued to Longview Capital Partners at \$1.40 per unit. Each unit comprises one common share and one warrant exercisable at \$2.00 per share for a term of eighteen months from the date of issue.

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.

On October 19, 2007, the Company granted stock options to directors and officers to acquire 200,000 common shares of the Company at a price of \$1.00 per share expiring on October 19, 2012.

On November 26, 2007, the Company granted stock options to directors and officers to acquire 300,000 common shares of the Company at a price of \$1.20 per share expiring on November 26, 2012.

On December 4, 2007, the Company granted stock options to consultants to acquire 75,000 common shares of the Company at a price of \$1.30 per share expiring on December 4, 2012.

MACARTHUR MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009

On July 10, 2008 100,000 options were issued with a vesting date of November 14, 2008 and an exercise price of \$2.25. They are only exercisable when the share price is \$3.25 or higher and expire on July 10, 2013.

On September 10, 2008 100,000 options were issued with a vesting date of January 16, 2009 and an exercise price of \$1.288. They expire on September 10, 2013.

The fair value of all share purchase options are expensed over their vesting period and estimated term, with a corresponding increase in contributed surplus.

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

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

	2009		2008	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	1,575,000	\$ 1.47	1,450,000	\$ 1.35
Granted	200,000	1.77	575,000	1.14
Exercised	(200,000)	0.35	(450,000)	0.46
Expired/cancelled	-		-	
Outstanding, end of year	1,575,000	\$ 1.45	1,575,000	\$ 1.47
Options exercisable, end of year	1,475,000	\$ 1.31	1,500,000	\$ 1.47

Stock options outstanding at March 31, 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)
640,000	1.60	December 22, 2011
100,000	1.00	December 22, 2011 (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

MACARTHUR MINERALS LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 YEAR ENDED MARCH 31, 2009

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

Stock options (cont'd...)

Due to Mr Revell resigning as a director of the Company (Note 16(b)), and remaining a consultant until June 30, 2009, these options will lapse in accordance with the Company's Employees and Consultants Option Plan.

Warrants

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

On June 15, 2007, the Company granted warrants to Pinetree Resource Partnership to acquire 500,000 common shares of the Company at a price of \$2.00 per share expiring on December 15, 2008. All of these options were exercised on December 11, 2008.

On January 3, 2008, the Company granted warrants to First Apollo Capital Limited (an entity associated with Alan Phillips) to acquire 1,000,000 common shares of the Company at a price of \$2.00 per share expiring on July 3, 2009.

On January 3, 2008, the Company granted warrants to Pinetree Resource Partnership to acquire 500,000 common shares of the Company at a price of \$2.00 per share expiring on July 3, 2009.

On January 15, 2008, the Company granted warrants to Longview Capital Partners to acquire 500,000 common shares of the Company at a price of \$2.00 per share expiring on July 15, 2009.

	2009		2008	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	2,500,000	\$ 2.00	-	-
Granted	-	-	2,500,000	\$ 2.00
Exercised	(500,000)	2.00	-	-
Expired	-	-	-	-
Outstanding, end of year	2,000,000	\$ 2.00	2,500,000	\$ 2.00
Warrants exercisable, end of year	2,000,000	\$ 2.00	2,500,000	\$ 2.00

MACARTHUR MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. ACCUMULATED OTHER COMPREHENSIVE INCOME

Balance as at March 31, 2007	\$ 314,230
Foreign currency translation adjustment for the year	251,805
Balance as at March 31, 2008	566,035
Foreign currency translation adjustment for the year	(1,313,235)
Balance as at March 31, 2009	\$ (747,200)

8. STOCK-BASED COMPENSATION

During the year ended March 31, 2009, the Company granted 200,000 (2008: 575,000) stock options to directors, officers and consultants.

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted.

100,000 options were issued in July 2008 at a fair value of \$0.87 per option, a total value of \$86,982.

100,000 options were issued in September 2008 at a fair value of \$1.10 per option, a total value of \$110,122.

200,000 options were issued in October 2007 at a fair value of \$0.68 per option, a total value of \$136,335.

300,000 options were issued in November 2007 at a fair value of \$1.22 per option, a total value of \$364,687.

75,000 options were issued in December 2007 at a fair value of \$0.90 per option, a total value of \$67,446.

The above amounts are being expensed over their vesting period as stock-based compensation as the options vest in the statement of operations with a corresponding amount recorded as contributed surplus in shareholders' equity and reduced by the options exercised during the year. The weighted average fair value of options granted during the year was \$0.99 (2008 - \$0.99).

MACARTHUR MINERALS LIMITED
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8. STOCK-BASED COMPENSATION (cont'd...)

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

	2009	2008
Risk-free interest rate	4.25%	7.00%
Expected life of options	2.0 – 3.0 years	2.0 years
Annualized volatility	102.77% - 123.54%	430.7% - 435.1%
Dividend rate	0.00%	0.00%

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties.

- a) Paid or accrued \$123,180 (2008: \$144,529) for rent and geological services provided by International Gold Mining Ltd. an entity with common directors.
- b) Nil (2008: \$51,123) for Investor Relations Services paid to Longview Strategies Inc. a substantial shareholder and an entity with a common director.
- c) Nil (2008: \$5,374) paid for office rent to NewEcon Pty Ltd. an entity with a common director.
- d) Paid or accrued \$293,503 (2008: \$120,463) in directors and management fees during the year.
- e) \$38,609 (2008: nil) paid to Ruby Rich Pty Ltd., an entity with a common director, for geological services.
- f) At March 31, 2009, \$24,637 (2008: \$9,014) is owed to directors and a private Company controlled by a director for accrued management fees, geological services and expenses paid on behalf of the Company.
- g) At March 31, 2009, there is \$32,364 (2008: \$35,582) owing to a major shareholder.
- h) The Company granted 200,000 (2008: 575,000) stock options to directors, officers and consultants, which are recorded as stock-based compensation with fair a value of \$80,198 (2008 - \$568,468).
- i) The Company received \$47,401 (2008: \$45,051) in rent from Cadan Resources Corporation for offices sub-let by the Company in Vancouver.
- j) The Company received \$39,611 (2008: \$45,051) in rent from International Gold Mining Ltd, for offices sub-let by the Company in Vancouver.

These transactions were in the normal course of operations and, in management's opinion, were undertaken with the same terms and conditions as transactions with unrelated parties.

10. TAX CONSOLIDATION

The Company and its subsidiaries have formed a tax consolidated group for Australian taxation purposes, effective January 2006. All entities are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group will be Macarthur Minerals Limited.

Internickel Australia Pty Ltd left this group at the end of April 2008, when it issued shares to LPD Holdings (Australia) Pty Ltd and ceased to be a wholly owned subsidiary of Macarthur. Macarthur and its other subsidiary, Tracker Resources Pty Ltd continue to form a tax consolidated group.

Current tax expense/income, future tax liabilities and future tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

11. INCOME TAXES

Income tax recovery varies from the amount that would be computed by applying the combined federal and provincial income tax rate to loss before taxes as follows:

	2009	2008
Profit/(loss) before income tax recovery	\$ 5,558,004	\$ (1,338,908)
Expected income tax recovery/(expense)	\$ 1,667,401	\$ (401,672)
Internickel loss excluded from tax consolidation	451,148	-
Non-assessable dilution gain	(2,092,225)	-
Non-deductible expenses	235,972	203,911
Tax deductible exploration expenditure	-	(462,788)
Recognition of prior year unrecognised tax losses	(42,881)	(587,892)
Actual income tax expense (recovery)	\$ 219,415	\$ (1,248,441)

The significant components of the Company's future tax assets are as follows:

	2009	2008
Net operating loss carried forwards	\$ 1,464,545	\$ 3,583,094
Cumulative exploration and development expenses	1,375,285	1,375,285
	2,839,830	4,958,379
Less: valuation allowances	(1,810,804)	(3,709,938)
Net future tax assets	\$ 1,029,026	\$ 1,248,441

11. INCOME TAXES (cont'd...)

The Company has non-capital losses of approximately \$3,430,087, including \$4,584,283 in resource exploration and development expenditures incurred by Macarthur Minerals Limited, which may be carried forward and applied against Australian taxable income in future years. These losses have been incurred since 2004.

Future tax benefits which may arise as a result of these non-capital losses and resource deductions have been recognized in these financial statements, as the directors believe it is more likely than not that these losses will be recovered.

12. SUPPLEMENTAL DISCLOSURES with RESPECT TO CASH FLOWS

	2009	2008
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	-	-

During the year ended March 31, 2009, the Company entered into the following non-cash transactions:

Issued 200,000 options as stock-based compensation. Expense for the year was \$80,198.

A dilution gain of \$6,974,084 arose from the issue of shares from IAPL to LPD.

During the year ended March 31, 2008, the Company entered into the following non-cash transactions:

Issued 575,000 options as stock-based compensation. Expense for the year was \$568,468.

13. SEGMENTED INFORMATION

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

14. 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:

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14. FINANCIAL INSTRUMENTS (cont'd...)

Credit risk (cont'd...)

	Carrying Amount	
	2009	2008
Financial assets		
Cash	\$ 5,698,196	\$ 3,352,337
Receivables	150,711	197,871
Prepayments	44,801	27,783
	\$ 5,893,708	\$ 3,577,991

The Company receivables comprised current outstanding rental invoices and taxation payments recoverable from the Australian government.

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

	Carrying Amount	
	2009	2008
Australia	\$ 140,171	\$ 179,704
Canada	10,540	18,167
	\$ 150,711	\$ 197,871

None of the Company's receivables is overdue or impaired in 2009 and 2008.

Exposure to liquidity risk

The Company has no financial liabilities at the balance sheet date, other than payables and has sufficient cash to cover these liabilities as they come due.

MACARTHUR MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009

14. FINANCIAL INSTRUMENTS (cont'd...)

Credit risk (cont'd...)

Exposure to currency risk

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

	AUD	CAD	AUD	CAD
	March 31, 2009		March 31, 2008	
Cash	\$ 4,985,493	\$ 712,703	\$ 2,568,788	\$ 783,549
Receivables	140,171	10,540	174,307	23,564
Prepayments	26,227	18,574	9,616	18,167
	5,151,891	741,817	2,752,711	825,280
Trade and other payables	423,224	21,352	265,809	-
Owing to related parties	47,859	9,142	37,743	6,303
	471,083	30,494	303,552	6,303
Net exposure	\$ 4,680,808	\$ 711,323	\$ 2,449,159	\$ 818,977

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
AUD	2009	2008	2009	2008
Canadian dollar (CAD)	1.1364	1.11865	1.17082	1.06720

Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the Canadian dollar at March 31 would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008.

	Equity	Profit or loss
31 March 2009		
CAD	(71,132)	19,159
31 March 2008		
CAD	(122,846)	48,214

MACARTHUR MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14. FINANCIAL INSTRUMENTS (cont'd...)

Sensitivity analysis (cont'd...)

A 10 percent weakening of the Australian dollar against the Canadian dollar at March 31 would have had the equal but opposite effect on the Canadian dollars above to the amounts shown above, on the basis that all other variables remain constant.

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	
	2009	2008
<i>Variable rate instruments</i>		
Financial assets	\$ 5,698,196	\$ 3,352,337

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 2008.

	Profit or loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
31 March 2009				
Variable rate instruments	56,982	(56,982)	56,982	(56,982)
31 March 2008				
Variable rate instruments	33,523	(33,523)	33,523	(33,523)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

MACARTHUR MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009

14. FINANCIAL INSTRUMENTS (cont'd...)

Fair values (cont'd...)

	31 March 2009		31 March 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Receivables	\$ 150,711	\$ 150,711	\$ 197,871	\$ 197,871
Cash and cash equivalents	5,698,196	5,698,196	3,352,337	3,352,337
Trade and other payables	(501,577)	(501,577)	(309,855)	(309,855)
	\$ 5,347,330	\$ 5,347,330	\$ 3,240,353	\$ 3,240,353

15. 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.

The properties in which the Company currently has an interest are in the exploration 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.

The Company's working capital at March 31, 2009 was \$5,392,131. On April 28, 2008 the Company received net proceeds \$8,920,034, being the balance of the \$10 million consideration for 30% of IAPL. The Company is required to expend 85% of these proceeds on exploration and evaluation activities for the Lake Giles project, with the balance to fund the ongoing administration of the Company. The Company is not subject to any other externally imposed capital requirements.

In addition to its exploration and evaluation activities with the Lake Giles project, 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.

16. SUBSEQUENT EVENTS

a) In April 2009 the Company received a claim from Malmac Training Services Pty Ltd (Malmac) in which it alleged that the Company had entered into a long term lease arrangement for Transportable Buildings & Vehicles used at the Lake Giles project. Malmac alleged that Mr Revell as a director had entered into the agreements on behalf of the Company. The Company has taken its own legal advice and is strongly defending the claim. Up until March 31, 2009, the Company had been paying Malmac \$16,862 per month for these equipment and vehicle leases.

16. SUBSEQUENT EVENTS (cont'd...)

b) On April 20, 2009, Nick Revell resigned as a director of the Company. Mr Revell has been retained as a consultant until June 30, 2009. Under the Company's Share Option Plan, options issued under the plan expire ninety days from the date of cessation of the directorship or consultancy. This brings forward the expiry date of options issued to Mr Revell as follows:

	No.	Issue date	Exercise price	Original expiry date	New expiry date
i)	50,000	September 22, 2006	\$1.50	September 22, 2011	September 30, 2009
ii)	110,000	December 22, 2006	\$1.60	December 22, 2011	September 30, 2009
iii)	100,000	October 19, 2007	\$1.00	October 19, 2012	September 30, 2009

c) LPD and MMCL had the option until the 2nd March, 2009 to acquire a further 50% of IAPL for \$100 million upon certain conditions being met. This option lapsed on 2nd March 2009 LPD and MMCL then had a further three months to exercise this option or divest its interests. These options lapsed on 2nd June, 2009.

The Company at this time intends to exercise its rights under the Shareholders Agreement with MMCL and LPD to reacquire the 30% holding in IAPL held by MMCL and LPD and the Board by the issue of 4,716,981 shares in the Company at an issue price of C\$2.12 per share, subject to all necessary regulatory approvals being obtained. The new shares would be apportioned 3,144,811 to MMCL and 1,572,170 to LPD, resulting in MMCL holding approximately 13.2% and LPD approximately 6.6% of the expanded capital of the Company. Upon completion of the reacquisition, the Company will hold a 100% interest in IAPL and the Lakes Giles project.

d) On 2nd June, 2009 IAPL entered into an option agreement to acquire 100% of Hatches Holdings Pty Ltd, an entity which holds a 100% interest in adjoining tenements to the Lake Giles project. Hatches Holdings Pty Ltd has no other assets or liabilities.