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Non-Executive Director

MacPhersons set to boost Nimbus economics with increased mine life

Highlights:

- ❖ **MacPhersons has made a strategic decision to include the results from the current drilling campaign in the final BFS for its Nimbus silver-zinc-gold project in WA**
- ❖ **Drilling is focussed on the depth and strike extensions at both the Nimbus and Boorara projects with the objective of growing mine inventory beyond seven years, and keeping Australian Dollar mining & processing costs as low as possible**
- ❖ **Increased mine life will boost Nimbus economics, enabling project finance to be secured on more attractive terms**
- ❖ **Drilling has commenced at Boorara and Brindabella and new gold-bearing mineralisation has already been intersected**
- ❖ **Drilling is scheduled to commence at Nimbus on 30 September and will continue on both projects until Q1 2015**

MacPhersons Resources Limited (ASX: MRP) is pleased to advise that it has embarked on an extensive in-fill and extensional drilling campaign at its flagship Nimbus silver-zinc-gold project in Kalgoorlie as part of its strategy to continue growing the reserve-resource inventory beyond seven years of mine life.

MacPhersons has opted to implement this strategy in light of the strong drilling results it received from its most recent campaigns at Nimbus and Boorara. This drilling extended the known mineralisation along strike and at depth, highlighting the outstanding potential to grow the inventory at both Nimbus and Boorara.

MacPhersons' aims to build upon the underground ore reserves inventory already announced on the 8th August 2014, through this drilling program to extend the mine life and focus on being a low cost producer.

The overall project economics continue to remain robust as the falling value of the Australian dollar continues to offset lower US dollar commodity prices, and as contractors and suppliers continue to reduce prices. Since the 1 January 2014, the price of zinc has increased by approximately 7 per cent, the Australian gold price is basically unchanged and the Australian silver price is approximately 9 per cent lower.

The increasing value of zinc has focussed attention on known zinc-bearing mineralisation which will be assessed for re-classification of resources and reserves. MacPhersons will benefit from the diversified commodities basket of revenues comprised of the Australian dollar price of silver, zinc and gold.

Success in growing the Nimbus inventory sufficiently to extend the project's forecast mine life beyond 7 years, along with reductions in mining and processing costs, would in turn deliver significant benefits to the project's overall economics, including shareholder returns.

The outcome of this work will move the BFS delivery date to utilise this full suite of drilling results, the Nimbus-Boorara resource/reserve update and new mine plan. The BFS is scheduled to be completed in the June Quarter of next year.

The Company intends to initiate front-end engineering and design work (FEED), in parallel with metallurgical studies later this calendar year as originally planned. By conducting these studies in parallel and bringing on the acquisition of long lead items, production would start at Nimbus as early as the September Quarter, 2016.

Mr Goodz said production costs could be reduced by amortising the project's capital expenditure over a greater number of ounces and the Company would be well placed to secure project funding on more attractive terms.

"We have long believed that the upside at Nimbus is substantial and therefore we were highly confident that the mine life could be extended significantly beyond the initial five-and-a-half-year plan," he said.

"But it has become overwhelmingly clear that the benefits of bringing this additional inventory to book as part of the BFS and ahead of finalising project funding would deliver significant economic benefits to our shareholders.

"We have no doubt that these gains will be more than enough to warrant the extended time line in the lead-up to first production."

Mr Goodz said that MacPherson's recent successful share placement, in which it raised \$8.8 million at 16c a share, meant the Company had sufficient funding to undertake the drilling program and complete the BFS.

As part of that placement, global resources investor Orion Mine Finance injected \$6.3 million, lifting its stake in MacPhersons to 19.9 per cent. Orion representative and experienced corporate finance executive Peter Rozenauers joined the MacPhersons Board last month as a Non-executive Director.

MacPhersons has prepared optimised mine designs at both the Nimbus and Boorara projects based on Ore Reserve and Mineral Resource statements of mineralisation that continues to remain open along strike and at depth.

The Company has made the decision to carry out in-fill and extensional drilling between the existing mine designs and generally within 100m of a current area defined in the mine schedule with the strategy of directly increasing mine inventories of known mineralisation exceeding mine cut-off grade.

MacPhersons commenced a drilling program at Boorara – Brindabella in late July. This is aimed at increasing the confidence that the mineralisation is continuous between the current designed pits and extending the resource to the northwest. The drilling will occur in three stages with the location of the second and third stages dependent upon the results obtained from the previous stages.

RAB and AC drilling undertaken by previous owners of the tenements have shown that the mineralisation continues between and to the northwest of the northern most designed pits but the drilling is historical and requires QAQC sign-off.

Recent deeper drilling completed at Nimbus along with the latest underground feasibility study, have both indicated continuity of mineralisation and the potential to increase resources and the reserves with a well-considered and planned drilling program.

The recent deeper drilling program was broadly spaced to confirm the latest geological interpretation of the Nimbus mineralisation. With these holes successfully intersecting mineralisation where expected, the next drilling program is aimed to in-fill, extend and increase the down plunge and down dip extension of the 2- and 3-series lenses. Figures 1 and 2 show the plunge and strike extensions of the 2- and 3-series lenses that will be the focus of the Nimbus drilling program.

The underground feasibility study identified a number of areas close to the proposed stopping areas that were currently classified as either inferred or unclassified resources. After a review of the drilling in these areas, it was determined that with some additional in-fill drilling it would be possible to reclassify these resources, and where above cut-off grade move this to the ore reserve inventory.

The drilling program will consist of a number of stages, with the first drilling focussed within 25-50m of the current mine design and the later stages at increasing distances from the current design headings.

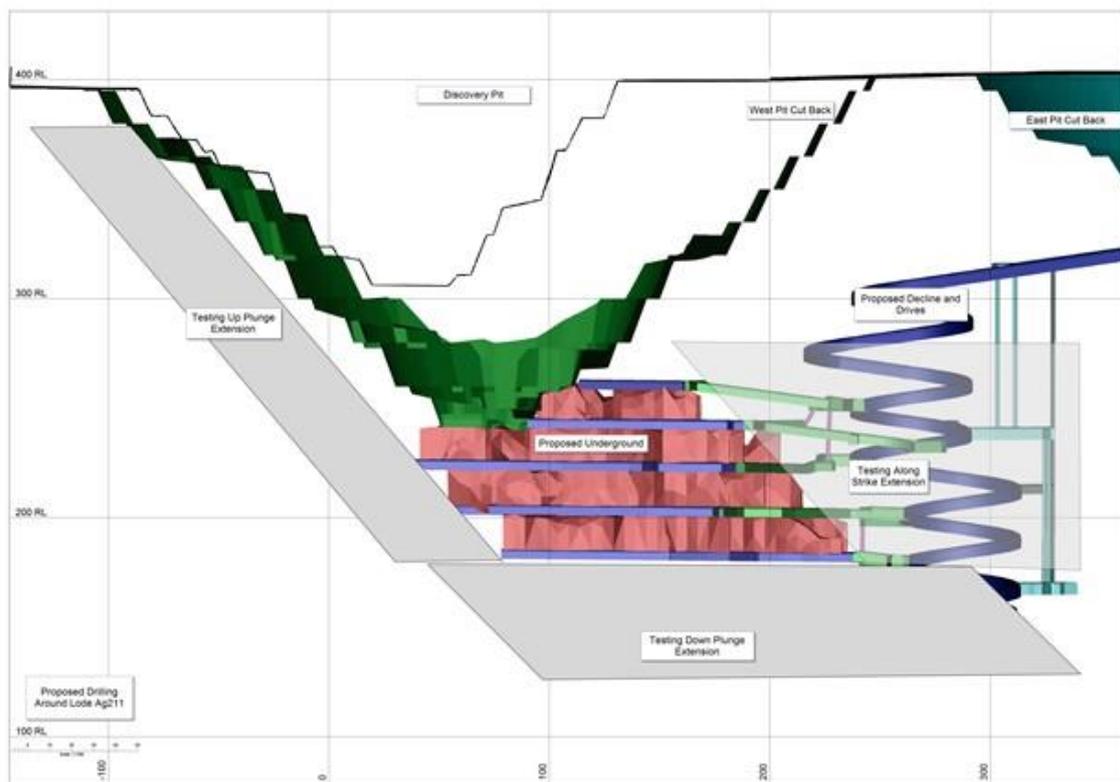


Figure 1: Represents the area of in-fill and extensional drilling on the 2-series lenses beneath the Discovery Pit (design of pit cutback is illustrated).

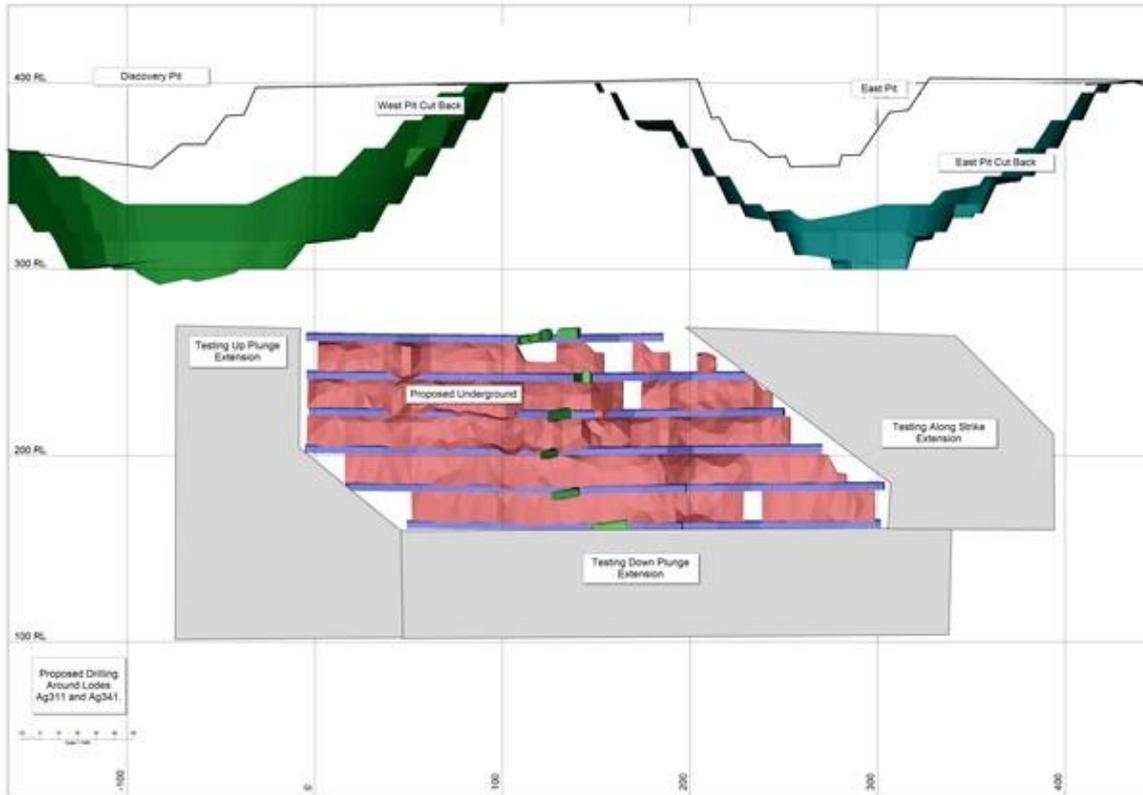


Figure 2: Represents the area of in-fill and extensional drilling on the 3-series lenses between the Discovery and East Pits (design of pit cutbacks are illustrated).

For more information on MacPhersons Resources Limited and to subscribe for regular updates, please visit our website at: www.mrpresources.com.au or contact our Kalgoorlie office on info@mrpresources.com.au or 08-9068-1300.

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About MacPhersons

MacPhersons Resources Ltd (MRP) is a Western Australian resource company with a number of advanced gold, silver and zinc exploration projects.

The Company's focus is to explore and extend the highly prospective Boorara and MacPhersons geological domains of which the Company holds 100% interest in 20km and 11km of strikelength, respectively, including the Nimbus silver-gold-zinc mine and the namesake MacPhersons open cut gold mine.

To fast track the opportunity to process MacPhersons' ore within the MRP business, the Company has acquired mill processing and mine assets at the Nimbus silver-gold-zinc mine, located 10km east of Kalgoorlie's super pit. The assets come with an approved site for ore processing. A Bankable Feasibility Study (BFS) examining a 4-fold increase in the processing plant capacity is nearing completion.

The assets are at an advanced stage of exploration with prospects adjacent to and beneath 10 existing open cuts and with multiple polymetallic VHMS deposits carrying silver-gold- zinc-lead-copper mineralisation, and new greenfields discoveries.



Figure 3: Nimbus-Boorara project area located 10km east of the City of Kalgoorlie-Boulder, Western Australia.

Competent Person's Statement

The information in this report that relates to Ore Reserves, Mineral Resources and Exploration Results is based on information compiled by Mr Morrie Goodz who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Morrie Goodz is a full time officer of MacPhersons Resources Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Goodz has given his consent to the inclusion in this report of the matters based on the information in the form and context in which it appears.