

MACPHERSONS RESOURCES

GRADE IS KING
AT NIMBUS

The meteoric rise of Goldfields-focused explorer MacPhersons Resources is set to continue as it enters production at its Nimbus silver-gold-zinc mine. **Alex Paull** reports

HAVING POWERED through development armed with an abundance of high-grade silver, gold and zinc, MacPhersons Resources' glowing reputation will be enhanced as it sets itself to become a leading producer with its polymetallic Nimbus project, which is located 10km from the famous Kalgoorlie Super Pit.

Since listing with a market capitalisation of \$A30 million in December 2010, MacPhersons recently pushed through the \$100 million barrier.

Managing director Morrie Goodz credited the quality of the JORC resource at the Nimbus project as a major factor for the company's continued growth.

"Grade is king, and these resources are substantially high-grade," Goodz said.

"So we're looking at our overall resource body ranging from 100-140 grams per tonne of silver, and then we have the by-products of gold, zinc and other metals.

"It's a fantastic grade to sell with the gold, and we've had some fantastic results in our exploration, which has shown multiple additional lenses."

MacPhersons assumed control of the Nimbus mill and the project in October 2011.

MacPhersons jumped at the prospect and processing mill, which Goodz said created a wonderful opportunity for the company to possess its own processing facility which handles both gold and silver ore.

Company chairman Ashok Parekh and key members of the MacPhersons management team owned and operated the Burbanks gold processing facility for 12 years, and

have first-hand experience at being successful mill operators.

The company powered through the development stages on the back of an active drilling program, which saw more than 73,000m drilled during the past year.

The development phase included a multitude of levels.

"As our drilling was so successful, the optimisation study showed that our existing Nimbus plant was too small," Goodz said.

MacPhersons will expand the existing mill to 480,000 tonnes per annum, which will result in a three-fold increase involving a number of applications for additional space.

As part of the bigger picture, construction of a new tailings facility is underway.

While there has been some significant results, there has also been plenty of upside at the project.

"When we carried out our drilling it was the first drill exploration and resource definition drilling that had been done since 1990s. With new levels of knowledge and 3D computer modelling, we were able to ascertain that there were multiple lenses at Nimbus," Goodz said.

"Over the past few months we have been intersecting new zones and publishing those results."

By all accounts these results have been incredibly positive. Recently, new lenses 3, 4 and 5 were identified, and in October MacPhersons confirmed the super high-grade zones which were discovered using RC drilling.

"We've revisited it and did some diamond drilling to ensure the quality and the continuity of the ore," Goodz said. "To be able to collect samples so we can do metallurgical

test work, it's been very successful."

MacPhersons has a current JORC mineral resource inventory of 12.5 million ounces silver-equivalent at an average grade of 139gpt gold equivalent, representing the silver with gold and zinc credits. MacPhersons is preparing a resource update for release in late November, with a new optimisation study to follow.

Initial pit studies project a cost price of \$9/oz, with a market price of over \$30/oz, the margins for silver mining are greater than 70% (EBITA) which exceeds that of the average for gold operations at 62% (EBITA).

The company's substantial assets are being noticed, with prominent stockbroker Baillieu predicting that there will be between 25-50Moz of silver. While Goodz acknowledged the magnitude of the prediction, he said it might grow larger.

"If we continue to hit the lenses, and the geology is as we have modelled, then while that is a realistic interim target I think our target could be a lot bigger than that," Goodz said.

The company has renewed its focus on exploring the Nimbus landholding for more potential targets.

"When the deposit was discovered in 1995 they found an additional 10 silver-zinc prospects over a 5km strike length, and we've been progressively testing the surface exposures of these," Goodz said.

The company is confident that all of these prospect targets will deliver further mineralisation.

Not content with the success at Nimbus, Goodz said, the company was widening its gaze to the prospective areas neighbouring the deposit.

"We've got 20km of strike length



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along the Boorara shear zone," Goodz said. "I believe that anywhere along that 20km we have the potential for another deposit like Nimbus."

All of MacPhersons' projects are within 2km of the mill, including the Boorara gold mine, which has a JORC resource of 96,000oz of gold in an optimised pit.

"We are building an additional series of feedstock to the mill and, because the mill handles gold and silver ore at the same time, that can all be blended together," Goodz said.

"Gold and silver ore can be fed from our various projects, including Coolgardie, which is what we floated the company on. We've already got three optimised pits at Coolgardie."

With the company on the brink of production, Goodz said the immediate future was exciting.

"We're in a location where we have a prime asset and we've put together a fantastic management team; we've got some great people to take this project forward," he added.

He said that while the first step was to get into production, the target after that was to grow the production and become a leading producer.

"A number of the assets that we have for the mill expansion actually have the capacity to be expanded further," he said.

"So we have the opportunity to expand the mill and grow from there,

"We are targeting 2Moz per annum of silver, but we'd like to extend that over time to 4Mozpa silver and then we have the gold and the zinc production coming out of the same project on top of that."

MacPhersons has a strong history of production and has overseen processing facilities at a number of large projects.

"A number of the management team, including myself, have managed

local Goldfields mining operations," said Goodz, who was the manager of the Daisy Milano gold mine for seven years. "We are looking forward to bringing online a pipeline of operations at Nimbus-Boorara."

Armed with \$16 million in the bank, MacPhersons is in a strong financial position to undertake many of the activities it has scheduled for the next year.

And with a thriving project and a robust processing facility in its keeping, MacPhersons is also delivering swift return to its shareholders, with 44% already returned to date.

Goodz attributed the positive share returns, to the market's respect for the quality of the assets and the management team.

Recently, RK Mine Finance (part of the New York-based Red Kite Group) took an 8% equity stake in MacPhersons.

Red Kite is seen as a strategic alliance partner with the capacity to support any future expansion.

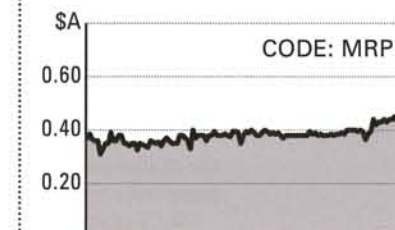
"RK are leading international metal merchants - No.3 copper trader in the world - and this is the first time that they have taken equity in an ASX-listed company," Goodz said.

Red Kite paid a premium of 10% on the equity investment to obtain its position and demonstrated its longterm commitment to the project.

"From the perspective of the way the market sees the company value and the way it's been growing, it is because there is a level of confidence in that it is going to be another successful operation achieved by our team," Goodz said.

With a proven ability to deliver results and exciting prospects for the near future and beyond, MacPhersons is primed to deliver significant value back to its shareholders. **RS**

The existing Nimbus mill, which is being expanded to 480,000tpa.

MACPHERSONS
RESOURCES
AT A GLANCE

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MARKET CAPITALISATION

\$A105.7 million (at press time)

QUOTED SHARES ON ISSUE

245.9 million

MAJOR SHAREHOLDERS

Goldfields Hotels (Palace) 13.1%
Goldfields Hotels (KM Wright) 13%
BT Portfolio Services 11.2%
Red Kite 8.5%