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### **MacPhersons Resources**

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## MacPhersons Resources green lights "Silver Superpit― at Nimbus

MacPhersons Resources (ASX: MRP) plans to go ahead with the mining of its Nimbus Silver-Zinc-Gold Project after pit optimisation studies on the recently upgraded resource confirmed the original two open pits at Nimbus can be merged into a single silver superpit.

This is a significant milestone for the company and the Nimbus project still has more exploration upside with mineralisation open along strike and at depth.

This development has paved the way for the release of mining contracting tender documentation for the Western Australian Project that is located 10 kilometres east of Kalgoorlie's Super Pit gold mine.

The pit optimisation studies were carried out on the recently announced 46% upgrade in the JORC Resource to 4.4 million tonnes at 129 grams per tonne (g/t) for 18.3 million silver equivalent ounces.

Morrie Goodz, managing director, commented: "The pit optimisation studies all support a single superpit model, which is what we predicted when the new mineralisation zone at Lens 3 was intersected.

"The drilling results, resource upgrade, and new pit model support the directors decision to approve the plant expansion and the new Merrill-Crowe plant scheduled for delivery in October 2013."

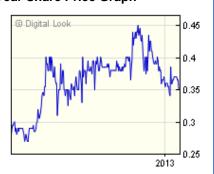
Various optimisation scenarios are still being modelled, however all of the options have the new proposed operation being a single superpit of around 900 metres in length by 500 metres wide and 205 metres deep.

The first pit is proposed to deliver 8.6 million ounces silver-equivalent (6.6 million ounces silver plus 2 million ounces silver equivalent from gold-zinc credits.

Price: A\$0.35

Market Cap: A\$87.28M

#### 1 Year Share Price Graph



#### **Share Information**

Code: MRP
Listing: ASX
Sector: Gold Mining

Website: www.mrpresources.com.au

#### **Company Synopsis:**

MacPhersons Resources (ASX: MRP) is a Western Australian resource company with a number of advanced gold, silver and zinc exploration projects within close proximity to Kalgoorlie and Coolgardie. The company's focus is to develop its Nimbus-Boorara silver-gold-zinc-lead-copper projects.

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It will mine 1.5 million tonnes at 179g/t silver equivalent (137g/t silver plus gold-zinc credits).

Measured and Indicated Resources continue along strike and beneath the pits and are anticipated to support further extensions to the silver superpit in future mine planning scenarios.

The pit cutback in year one will have four shallow pits to focus on the oxide ore and the new gold zone and Lens 4, and then in year two will commence the merging of the pits as the primary ore is developed.

Historic Nimbus mine

The Nimbus silver mine operated from 2003 to 2007, producing 3.6 million ounces of silver at an average grade of 352g/t silver.

The mine had various additional silver and polymetallic deposits in the advanced stages of exploration.

A review of the historical project economics has shown that the cost curve from 2007 has remained relatively flat, while the silver sale price is 400% of that obtained by the operations.



To maintain lower costs, in 2011, MacPhersons completed the construction of a 5.5 kilometre HV electricity line to connect the Nimbus mill to the state electricity grid, which would reduce 2007 costs where power was from diesel generation.

In late 2011, MacPhersons began a diamond drilling program to test a multi-million ounce exploration target associated with up to nine VHMS massive sulphide lenses.

Targets include various silver, silver-gold, silver-zinc-gold-lead deposits and the Boorara Shear Zone which includes several gold deposits at Boorara and Nimbus.

Recent diamond drilling has defined additional thickness and continuity of the silver bearing VHMS zones, and the extension of mineralisation between the Discovery and East Pits.

This mineralisation is associated with large haloes of disseminated sulphides carrying in excess of 12g/t silver as background.

There are several zones of high grade polymetallic mineralisation that have been previously reported.

Drilling of one massive sulphide zone returned a highlight intercept of 17.4 metres at 860g/t silver, 16.6% zinc, 3.5% lead and 0.3g/t gold; including 7 metres at 1,660g/t silver, 31.1% zinc and 6.9% lead.

Individual metre thick samples have assayed up to 3,270g/t silver and 41.1% zinc.

This VHMS mineralisation is intersected from 20 to 70 metres below the existing Discovery Pit floor.

There are 10 massive sulphide lenses at Nimbus and a further nine other silver-zinc prospects on the tenements to be tested in 2013-14.

#### Analysis

The decision to approve mining of the Nimbus Silver-Zinc-Gold Project is a major step forward for MacPhersons.

The company is well advanced along the road to production with a mining schedule outlined and documents being released to mining contractors for tender submissions.

2014 will see a New Merrill Crowe mill expansion to 480,000 tonnes per annum at Nimbus along with pit cutbacks and tailings processing.

Importantly, there is still plenty of exploration upside with 18.3 million ounces already defined and the system still open.

Measured and Indicated Resources continue along strike and beneath the pits and are anticipated to support further extensions to the silver superpit in future mine planning scenarios.

MacPhersons remains well funded with A\$12 million in cash reserves as of January 2013.

The significant point of a review of the historical project economics at Nimbus silver mine has shown that the cost curve from 2007 has remained relatively flat, while the silver sale price is 400% of that obtained by the operations.

At a sale price of \$32/ounce, on current pit optimisation cost price per ounce of \$10/ounce would provide a net margin of \$22/ounce for a net margin of 70%. When debt finance is added, the leverage increased the return to \$22/ounce.

With targeted production in 2014-2015 of 2 million ounces per annum this would provide an estimated cash margin of \$44 million. With leverage this increases to a margin of \$76 million.

This is the key to MacPhersons and today's announcement propels the company closer toward that cash margin, against a Market Cap of circa \$87 million. This valuation will begin to look miserly.



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