



MacPhersons Resources

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MacPhersons Resources: Offers silver exposure at comfortable margin, broker

MacPhersons Resources (ASX: MRP) has received a Speculative Buy recommendation from Argonaut Equity Research with a price target of \$0.34.

This is almost 90% higher than its current price of \$0.18 and is based on offering significant exposure to silver through its high grade Nimbus Silver-Zinc-Gold Project in Western Australia.

The following is an extract from the research report:

Quick Read

MacPhersons Resources is exploring and developing its 100% Nimbus - Boorara - MacPhersons deposits, located near Kalgoorlie, WA.

The upcoming drilling program designed to test the depth extension of existing mineralisation at Nimbus is expected to extend the current 5.5-year mine life.

Event & Impact | Positive

The company is one of the few on the ASX offering significant exposure to silver through its high grade (298g/t Ag-Eq) Nimbus silver project. On Argonaut's estimate the project could produce ~5.2Moz Ag Eq pa for 7.3 years, subject to exploration success.

The high grades translate into a projected "all-in" sustaining cost of ~\$15/oz Ag on an Ag-Eq basis, producing a buffer against metals price volatility.

Centralised operation at Nimbus

MRP's key assets are located around Kalgoorlie, the mining capital of the Eastern Goldfields region of Western Australia. The company is in the process of completing its Feasibility Study, in which a centralised 480ktpa processing facility at Nimbus is envisaged.

Infrastructure

Nimbus benefits from well-established infrastructure, being on the door-step of Kalgoorlie. This includes power, water, gas, rail, roads, airport and a well-established residential mining force. The project is located ~4 kilometres from the Trans-Australia railway main line and 15 kilometres from a railway crossing and station.

Geology

Nimbus is classified as a Volcanogenic Hosted Massive Sulphide (VHMS) deposit analogous to Independence Group's Jaguar / Bently and MMG's Golden Grove deposits.

The Nimbus Project lies within the major greenstone belt which extends from Norseman to Wiluna in the Eastern Goldfields Province.

Exploration upside

Price: A\$0.17

Market Cap: A\$42.7M

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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The mineralisation at Nimbus remains open, particularly at depth. The existing Resource has been limited by the extent of drilling (to ~200 metres). Argonaut considers the extension of Resource likely with further extension drilling, particularly at the Ag211 lens.

Boorara - Heap leach operation

The Boorara deposit is located adjacent (~1km away) to the operation at Nimbus. The Resource is 258koz @ 1.1g/t. The proposed operation is an oxide, gold heap leach with potentially high margins due to the low cost nature of heap leach operations and the strip ratio of ~3:1.

Boorara - Potential feed for the superpit

The oxide feed from Boorara could alternatively be trucked to the Fimiston Operation (Superpit, Barrick/Newmont JV) ~10 kilometres away as a supplement feed.

MacPhersons - Gold feed to supplement operation at Nimbus

The MacPhersons gold mine is situated in the south east of the Coolgardie goldfield, ~6 kilometres south east of the town of Coolgardie, ~50 kilometres from Nimbus. Access is via the Great Eastern Highway and unsealed roads. The Resource is 198koz @ 1.6g/t.

The ore would supplement the Nimbus plant towards the end of the operation, however any mine life upside from Nimbus or Boorara would likely push out MacPhersons production.

Flowsheet

The proposed processing facility at Nimbus is versatile and capable of processing different types of ore.

Due to the presence of multiple types of ore feed, the plant incorporates a Merrill-Crowe circuit (catering for the high silver content), a flotation circuit (to produce a Zn concentrate), a mercury retort (low temperature oven to recover mercury), and a gold heap leach circuit.

Capex requirement

Total start-up capex requirement is estimated to be \$58 million to \$66 million, inclusive of contingencies.

Valuation

Argonaut's valuation of \$0.34 is based on the project parameters and price assumptions.

We have assumed a combined mine life of 7.3 years (vs existing 5.5 years) by factoring an additional ~ 9 million ounces of silver. The plant is estimated to process about 453kt ore pa, producing ~5.2Moz of Ag Eq pa.

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