



# MacPhersons Resources

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## MacPhersons Resources drilling to boost Nimbus economics, mine life

MacPhersons Resources (ASX:MRP) will include results from its current infill and extensional drilling program in the final Bankable Feasibility Study for its Nimbus silver-zinc-gold project in Western Australia.

This will increase mine life and boost Nimbus economics, enabling project finance to be secured on more attractive terms.

The company had recently raised \$8.8 million to fully fund the BFS and received the remaining approval to restart mining at the project.

Notably, drilling - focussed on depth and strike extensions at both the Nimbus and Boorara projects to grow mine inventory beyond seven years has already intersected new gold-bearing mineralisation.

The BFS is scheduled to be completed in the June Quarter of 2015 with production expected to begin in the September quarter of 2016.

Drilling has commenced at Boorara and Brindabella while drilling at Nimbus is scheduled to begin on 30 September and will continue on both projects until the first quarter of 2015.

Morrie Goodz, managing director of MacPhersons, 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 added.

"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."

Nimbus currently has an Ore Reserve of 12.37 million ounces silver equivalent (Ag-Eq) consisting of 8.3 million ounces of silver, 44,000 tonnes of zinc and 4,800 ounces of gold.

This includes an underground Ore Reserve of 6.43 million ounces Ag-Eq while excluding additional blocks of 0.86 million tonnes 260g/t Ag-Eq due to ongoing geotechnical study and in-fill drilling.

The project was operated between 2003 and 2007, processing 319,000 tonnes at an average head grade of 352g/t silver to produce 3.6 million ounces.

### Drilling Program

The current drilling program follows the strong drilling results MacPhersons had received from its most recent campaigns at Nimbus and Boorara, which had extended the known mineralisation along strike and at depth.

**Price:** A\$0.13

**Market Cap:** A\$39.277M

### 1 Year Share Price Graph



### Share Information

**Code:** MRP

**Listing:** ASX

**Sector:** General 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.*

**Author:**

**Proactive Investors** +61 2 9299 5001

action@proactiveinvestors.com.au



Results of 18 metres at 227g/t Ag-Eq and 26.7 metres at 212g/t Ag-Eq including 5.6 metres at 550g/t Ag-Eq have highlighted the potential to grow the inventory at both Nimbus and Boorara.

The infill and extensional drilling will be carried out between the existing mine designs and generally within 100 metres 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.

First stage of drilling will be focussed within 25 metres to 50 metres of the current mine design with the later stages at increasing distances from the current design headings.

## Nimbus Project

Overall project economics at Nimbus, which is located just 10 kilometres east of Kalgoorlie's superpit gold mine, remains 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 1 January 2014, zinc prices have increased by approximately 7%, the Australian gold price is basically unchanged and the Australian silver price is about 9% lower.

The company 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.

MacPhersons has moved the BFS delivery date to the June Quarter of 2015 to utilise the full suite of results from the current drilling program, the Nimbus-Boorara resource/reserve update and new mine plan.

It also intends to initiate front-end engineering and design work in parallel with metallurgical studies later this calendar year as originally planned.

Taken together, these and the acquisition of long lead items will allow production at Nimbus to start as early as the September Quarter, 2016.

## Analysis

While Nimbus already offers robust economics, MacPhersons Resources' infill and extensional drilling program is designed to further increase mine life, which in turn improve economics.

The drilling program is funded by the company's recent \$8.8 million share placement, which will also provide sufficient capital to complete the BFS.

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