

MACPHERSONS

MACPHERSONS RESOURCES LIMITED

ABN 98 139 357 967

**Interim Financial Report
31 December 2015**

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DIRECTORS' REPORT

Your directors submit the financial report of MacPhersons Resources Limited and its controlled entities ("Consolidated Entity" or "Group") for the half-year ended 31 December 2015. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Ashok Parekh	Non-Executive Chairman
Jeffery Williams	Non-Executive Director
Peter Rozenauers	Non-Executive Director
Morrie Goodz	Managing Director (Resigned 24 July 2015)

Review of Operations

During the half year ended 31 December 2015, the MacPhersons Resources Board made a proactive decision to move the Company focus from exploration to progressing the Company toward project development.

Morrie Goodz resigned from the Managing Director role to facilitate the change, with Brendan James appointed as Chief Executive Officer. Brendan is managing the Boorara Gold Project Bankable Feasibility Study (BFS), whilst redesigning the Nimbus Ag-Zn Project.

The Boorara gold project is considered a near term production opportunity for Company, and efforts during the period have been directed at Boorara, examining all opportunities available to bring this project into profitable gold production. The Boorara Gold Project Stage 1 BFS commenced during the half, based on near surface open-cut mining generating 3.0-3.5 Mt Ore @ 1.01 g/t Au, producing circa 86,000-91,000 ounces of gold over 3 years from a standalone Heap-Leach Merrill Crowe production. Following completion of the BFS which is expected in second half of 2016, and subject to the outcome of the BFS, the Company will proceed to development and production of the Boorara Gold Project Stage 1.

Metallurgical testwork on the Nimbus Ag-Zn deposit continued, with significant advances made during this period that provides the company with an opportunity to maximise silver recovery from the higher value separate silver dore, and zinc concentrate recovery streams.

Boorara Highlights included:

- Approval of the Boorara Mining Proposal was granted from the WA Department of Mines and Petroleum on the 2nd October 2015.
- A production process water bore was installed at the Stoneville borefield that was aquifer tested for 48 hours during the quarter, confirming the borefield is capable of producing sufficient water to be a reliable process water source for the proposed gold production facility at Boorara.
- Establishing grid power supply for the Boorara Gold Project Stage 1 BFS is progressing well.

Nimbus Highlights included:

- Metallurgical testwork on the Nimbus Ag-Zn deposit is continuing with the next stage of testwork being undertaken at ALS Metallurgy.
- Initial testwork focused on leaching silver from the zinc concentrate has already seen a significant rise in silver recovery.
- Follow up testwork in December-January will analyse results from a finer regrind of P80 10 microns. However, it is expected that the finer grind will further increase silver recovery from a shorter duration leach.

Boorara Stage 1 Gold Project

The study is based on an open pit mining operation producing 3.0-3.5 million tonne of ore, grading 1.01 g/t Au, recovering circa 86,000 to 91,000 ounces of gold via a standalone heap leach operation. This decision is in line with previous information released to the market regarding options for treatment of the Boorara Gold Deposit. Information relating to the Boorara Ore Reserves can be found in the Company's ASX release dated 29 June 2015, "*Boorara-Nimbus Update-Continued Growth of Boorara Ore Reserves*". This previous ore reserve was based on an integrated Boorara Nimbus development model.

The anticipated capital cost for the Boorara Stage 1 project is expected to be less than \$20 million based on utilising substantial existing infrastructure at Nimbus (1 km north east of Boorara), and proximity of the project to the nearby City of Kalgoorlie-Boulder. Significant infrastructure capital cost saving will be made using the existing Nimbus office complex, the previously purchased Merrill Crowe plant, mains power line to Nimbus, Chappell Bore water supply and existing road access.

A 48 hour aquifer test was undertaken at the Stoneville borefield which confirmed that the borefield is capable of producing sufficient water to meet the process water requirements of the proposed Boorara Heap Leach. The Stoneville borefield is located over the Yindarlgooda paleochannel which has been long term reliable process water source for a number Kalgoorlie mining companies including KCGM. The Stoneville bore has been situated in the deepest section of the Yindarlgooda paleochannel within MRP tenure intersecting a thick interval of paleochannel quartz sands and gravels.

The allocation of grid power for the Boorara Gold Project is progressing well with electrical engineers ECG Engineering having been engaged to undertake activities relating to the connection of the Company's existing power infrastructure to the grid, and electrical engineering aspects of the Boorara Heap Leach BFS.

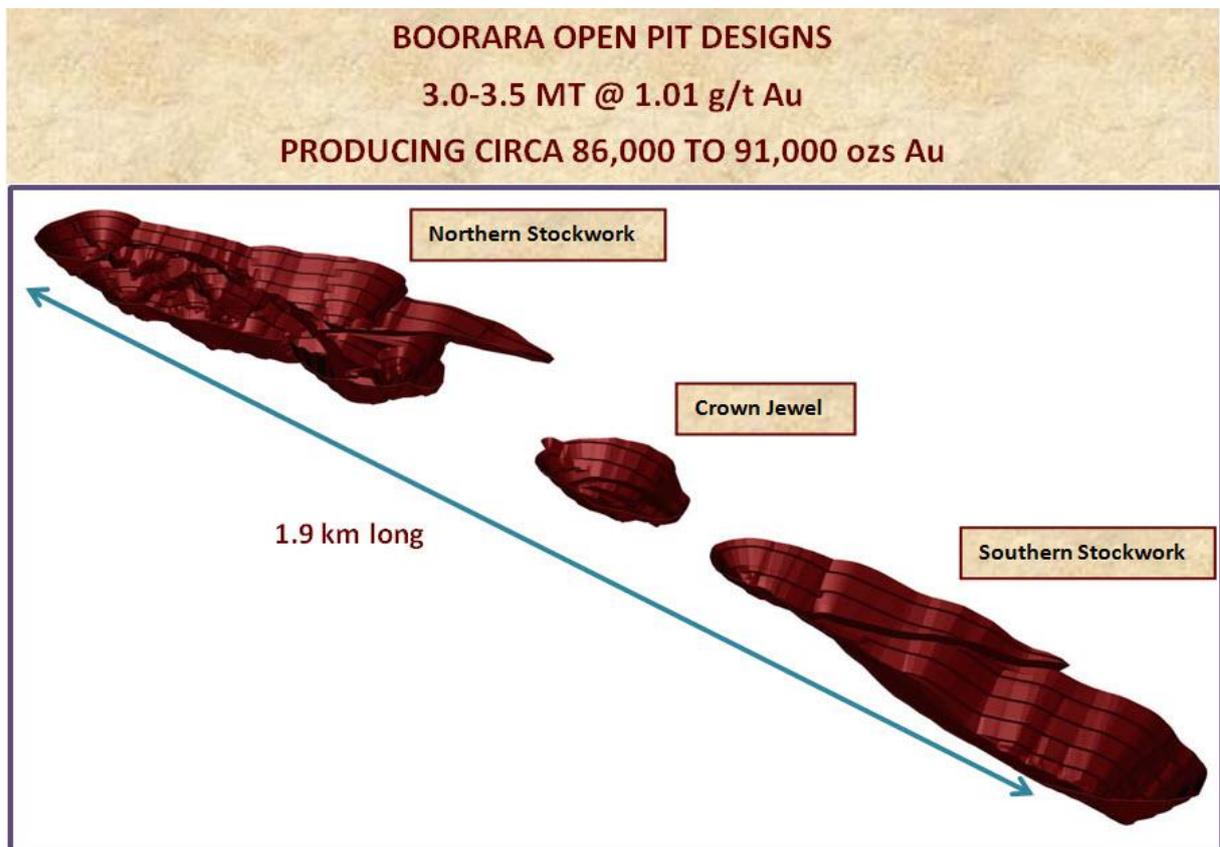


Figure 1: Boorara Stage 1 pit design



Figure 2: Boorara Stage 1 proposed site layout.

Nimbus Metallurgical Testwork

The Company has successfully completed the first phase of its processing study for the Nimbus Silver-Zinc Project, assessing flotation models to produce a saleable zinc concentrate followed by a Merrill-Crowe leach. It is now examining options to leach silver from the zinc concentrate to potentially produce higher value, separate silver dore, and zinc concentrate product streams. This analysis involves undertaking further metallurgical test work on samples of ore from the Nimbus Ag-Zn deposit. The next stage of test work has commenced at ALS Metallurgy.

Initial assessment of a caustic boil after concentrate re-grind has significantly improved silver recovery from zinc concentrate over what was achieved against the cyanide-only leach result. However, this work was performed at a concentrate re-grind size of P80-38 microns. Follow up testwork in the second quarter of 2016 will analyse results from a finer regrind of P80-10 microns. It is expected that the finer grind will further increase silver recovery from a shorter duration leach.

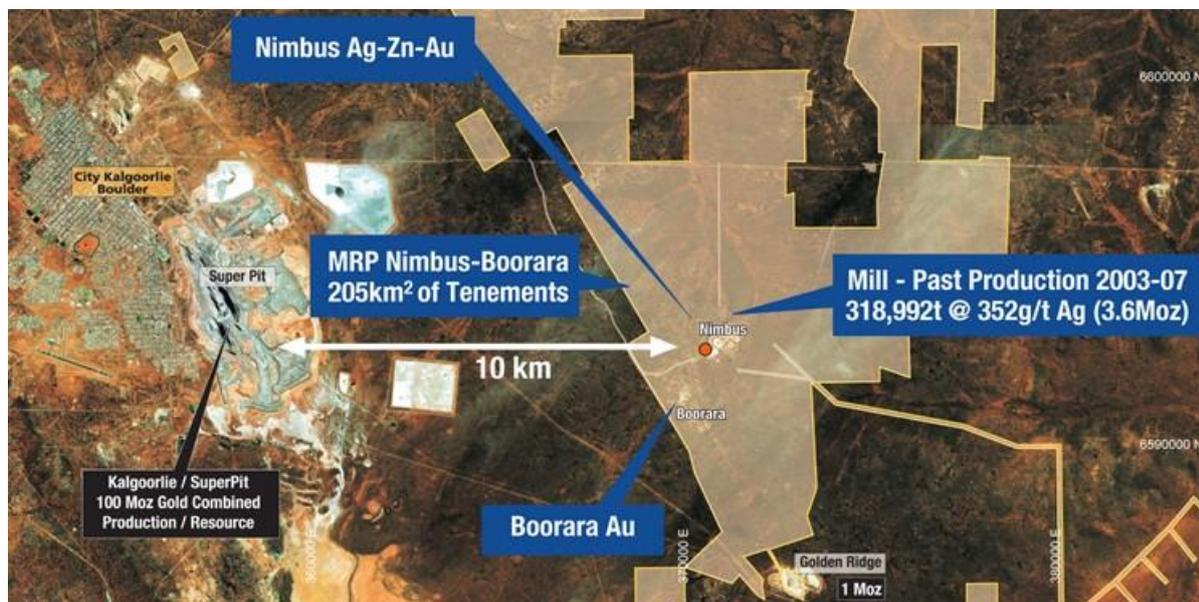


Figure 3: Location of the Nimbus-Boorara projects area, 10 km east of the Kalgoorlie SuperPit, showing the Nimbus Mill Site and the Boorara gold project within 1 km of the Nimbus mine.

Competent Persons Statement

The information in this report that relates to exploration results and geology is based on information compiled by Andrew Pumphrey who is a Member of the Australian Institute of Geoscientists. Andrew Pumphrey is a full time employee 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 Pumphrey 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.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 6 and forms part of this directors' report for the half-year ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Ashok Parekh
Chairman
15 March 2016

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of MacPhersons Resources Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



**Perth, Western Australia
15 March 2016**

**N G Neill
Partner**

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

		Consolidated	
		31 December 2015	31 December 2014
Notes		\$	\$
Continuing operations			
	Income	58,097	81,898
	Employee benefits expense	(276,195)	(1,493,434)
	Depreciation and amortisation expense	(113,774)	(140,499)
	Exploration expenditure	(542,863)	(4,374,244)
	Acquisition costs – transfer duty	-	(6,712)
	Loss on sale of fixed assets	(5,007)	-
	Administration costs	(378,882)	(691,924)
	Site office costs	(59,725)	(255,540)
	Loss before income tax	(1,318,349)	(6,880,455)
2	Income tax benefit (R&D refund)	3,268,000	-
	Net profit/(loss) for the period	1,949,651	(6,880,455)
Other comprehensive income			
	<i>Items that may be reclassified to profit or loss</i>	-	-
	Other comprehensive income/(loss) for the period, net of tax	-	-
	Total comprehensive income/(loss) for the period	1,949,651	(6,880,455)
	Basic and diluted earnings/(loss) per share (cents per share)	0.6 cents	(2.5) cents

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

		Consolidated	
		31 December	30 June
		2015	2015
		\$	\$
	Notes		
Assets			
Current Assets			
Cash and cash equivalents		4,956,132	3,092,048
Trade and other receivables		247,760	364,111
Total Current Assets		5,203,892	3,456,159
Non-Current Assets			
Property, plant and equipment		5,847,259	5,973,722
Deferred exploration and evaluation expenditure	3	23,939,968	23,939,968
Total Non-Current Assets		29,787,227	29,913,690
Total Assets		34,991,119	33,369,849
Liabilities			
Current Liabilities			
Trade and other payables		229,936	548,747
Employee entitlements		15,307	24,885
Total Current Liabilities		245,243	573,632
Non-Current Liabilities			
Employee entitlements		247	239
Total Non-Current Liabilities		247	239
Total Liabilities		245,490	573,871
Net Assets		34,745,629	32,795,978
Equity			
Issued capital	4	76,452,843	76,452,843
Accumulated losses		(41,707,214)	(43,656,865)
Total Equity		34,745,629	32,795,978

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	Consolidated		
	Issued Capital	Accumulated Losses	Total Equity
	\$	\$	\$
Balance at 1 July 2015	76,452,843	(43,656,865)	32,795,978
Profit for the period	-	1,949,651	1,949,651
Total comprehensive income for the period	-	1,949,651	1,949,651
Balance at 31 December 2015	76,452,843	(41,707,214)	34,745,629
Balance at 1 July 2014	66,891,250	(36,353,136)	30,538,114
Loss for the period	-	(6,880,455)	(6,880,455)
Total comprehensive loss for the period	-	(6,880,455)	(6,880,455)
Shares issued to staff	41,000	-	41,000
Shares issued for acquisition of tenements	3,000	-	3,000
Shares issued for payment of drilling costs	627,337	-	627,337
Shares issued during the half-year	8,824,220	-	8,824,220
Share issue expenses	(185,755)	-	(185,755)
Balance at 31 December 2014	76,201,052	(43,233,591)	32,967,461

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Payments to suppliers and employees (including exploration and evaluation activities)	(1,469,695)	(5,594,841)
Payment of transfer duty on acquisition	-	(6,712)
Research and development grant received	3,268,000	-
Interest received	45,743	52,210
Other receipts	12,353	20,476
Net cash inflow/(outflow) from operating activities	<u>1,856,401</u>	<u>(5,528,867)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(499)	(462,719)
Proceeds from sale of property, plant and equipment	8,182	-
Net cash inflow/(outflow) from investing activities	<u>7,683</u>	<u>(462,719)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	8,824,220
Payments for share issue costs	-	(185,755)
Net cash inflow from financing activities	<u>-</u>	<u>8,638,465</u>
Net increase in cash held	1,864,084	2,646,879
Cash and cash equivalents at the beginning of the period	3,092,048	2,129,091
Cash and cash equivalents at the end of the period	<u>4,956,132</u>	<u>4,775,970</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by MacPhersons Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Accounting policies and methods of compilation

The accounting policies and methods of compilation adopted are consistent with those of the previous financial year, and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2015.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2015, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2015.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group has recorded a net profit after tax for the half year ended 31 December 2015 of \$1,949,651 (2014: Loss of \$6,880,455) and experienced net cash inflows from operating activities of \$1,856,401 (2014: Outflows of \$5,528,867). At 31 December 2015, the Group had current assets of \$5,203,892 (30 June 2015: \$3,456,159). The major component of the result for the reporting period was a Research and Development grant received of \$3,268,000 (2014: Nil)

The Directors have reviewed the business outlook and the assets and liabilities of the Group and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group has sufficient funds to complete the Boorara Gold Project Stage 1 bankable feasibility study to support the Group obtaining finance for mine development. If development funding is not obtained the Group will seek additional funds through debt or equity issues or partial sale of its mineral properties as and when the need to raise working capital arises. In the event that the Group is not able to raise additional capital the Directors believe that the Company can continue to operate at a reduced activity level with the funds that it has currently.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**
NOTE 2: LOSS BEFORE INCOME TAX

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
Included in the net loss for the period are the following income and expense items:		
(a) Income		
Interest received	45,743	61,442
Other income	12,354	20,456
(b) Expenses		
Consultancy fees	255,973	852,248
Depreciation and amortisation of non-current assets	113,774	140,499
Drilling and assay costs	29,305	2,820,232
Employee benefits costs	276,195	1,493,434

NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	6 months to 31 December 2015	Year to 30 June 2015
	\$	\$
Acquisition costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	23,939,968	23,760,527
Acquisition of tenements (i)	-	179,441
Total deferred exploration and evaluation expenditure	23,939,968	23,939,968

- (i) During the prior period the Company acquired tenements adjacent to the Nimbus Project. The tenements were acquired for consideration paid in shares.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**
NOTE 4: ISSUED CAPITAL

	Consolidated	
	31 December 2015	30 June 2015
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	76,452,843	76,452,843

	6 months to 31 December 2015	6 months to 31 December 2015	12 months to 30 June 2015	12 months to 30 June 2015
	No.	\$	No.	\$
<i>Movements in ordinary shares on issue</i>				
Shares on issue at 1 July	317,166,661	76,452,843	253,995,063	66,891,250
- Shares issued for acquisition of tenements	-	-	1,834,536	179,440
- Shares issued for payment of drilling costs	-	-	5,429,233	660,767
- Share placement	-	-	55,151,375	8,824,220
- Employee shares issued	-	-	756,404	82,920
- Issue costs	-	-	-	(185,755)
At 31 December	317,166,661	76,452,843	317,166,611	76,452,843

NOTE 5: SEGMENT REPORTING

Operating segments are identified on the basis of internal reports about components of the Group that are reviewed by the chief operating decision maker (deemed to be the Board of Directors) in order to allocate resources to the segment and assess its performance. The chief operating decision maker of MacPhersons Resources Limited reviews internal reports prepared as financial statements and strategic decisions of the company are determined upon analysis of these internal reports. During the period, the Group operated predominantly in one business and geographical segment being the minerals exploration sector in Australia. Accordingly, under the 'management approach' outlined, only one operating segment has been identified and no further disclosure is required in the notes to the financial statements.

NOTE 6: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

There were no events subsequent to reporting date requiring disclosure.

DIRECTORS' DECLARATION

In the opinion of the directors of MacPhersons Resources Limited ('the company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year then ended.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Ashok Parekh
Chairman
15 March 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MacPhersons Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of MacPhersons Resources Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MacPhersons Resources Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**HLB Mann Judd**
Chartered Accountants**Perth, Western Australia**
15 March 2016**N G Neill**
Partner