

MACPHERSONS

MACPHERSONS RESOURCES LIMITED

ABN 98 139 357 967

**Interim Financial Report
31 December 2018**

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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 2018. 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	Managing Director
Peter Rozenauers	Non-Executive Director

Review of Operations to Half Year Ending 31 December 2018

Our focus

- Agreement between MacPhersons and Intermin Resources to merge and create a new gold company to be named Horizon Minerals Limited.
- Using the combined resources of 1.15 million ounces to develop the mining and exploration tenements hosting the spread of tenements near Kalgoorlie (see Figure 1).
- Additional Reverse Circulation (RC) Resource Drilling at Boorara for grade control drilling is planned as part of a Definitive Feasibility Study for the new gold company.
- Exploration will be planned and prioritised over some 1,100 square kilometres (km) of 100% tenements.

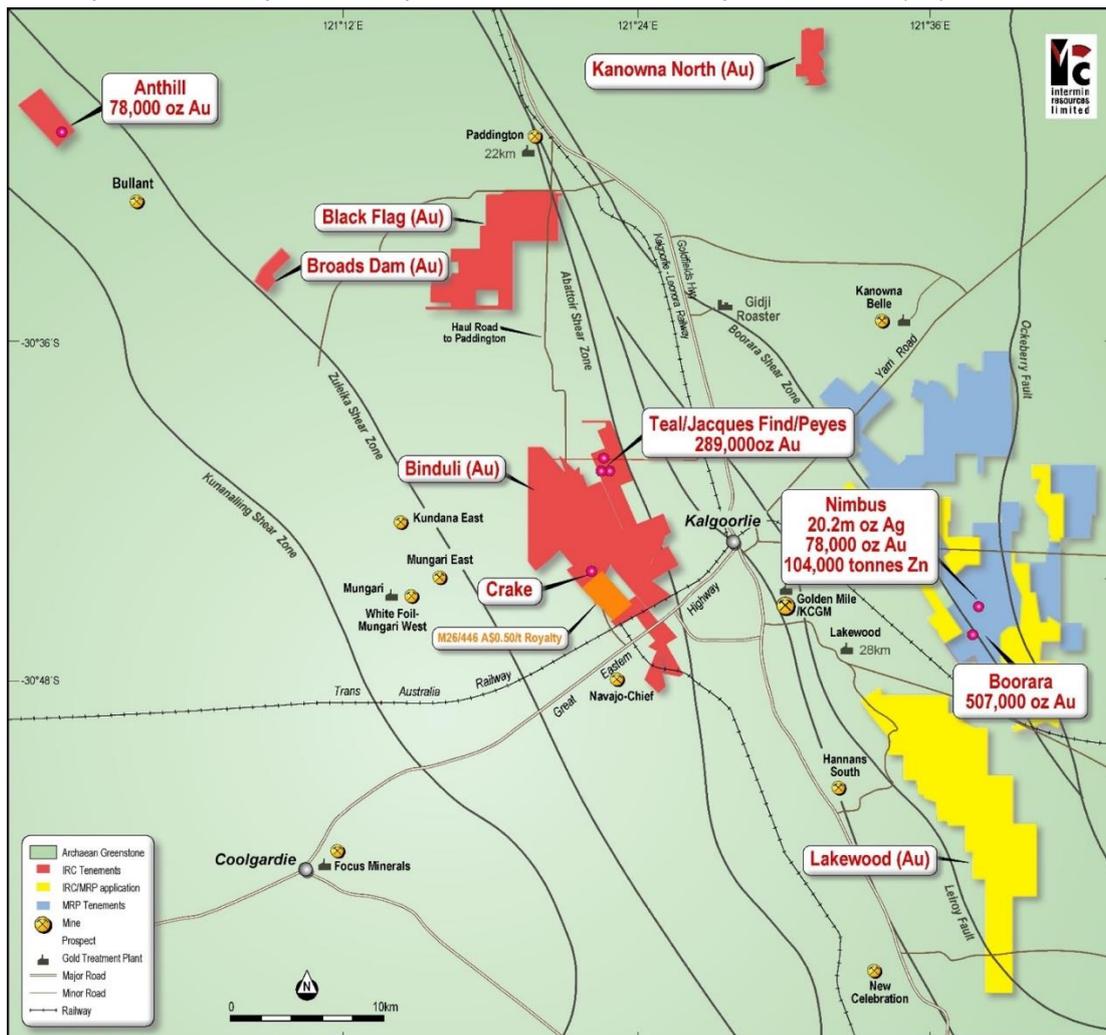


Figure 1: Location of the Intermin and MacPhersons Project Locations

BOORARA GOLD PROJECT

Background

Boorara Gold Project is located about one (1) kilometre (km) south-west of MacPhersons Resources Ltd (MRP) 100 per cent-owned Nimbus Project, which is in turn located 10km east of Kalgoorlie's Super Pit gold mine in Western Australia.

Drilling continued at the Boorara Gold Project with significant intersections being reported from the Northern Stockwork Deposit.

- 17 metres ("m") grading at 4.49 g/t gold ("Au") from surface including 1m at 19.40 g/t Au and 1m at 47.80 g/t (MRP ASX 7 August 2018).
- 13 metres at 6.08 g/t Au incl 1m at 55.10 g/t Au and 1m at 13.70 g/t Au (MRP ASX 26 July 2018).
- 6 metres at 4.65 g/t Au incl 1m at 24.00 g/t Au (MRP ASX 7 August 2018).
- 5 metres at 7.40 g/t Au incl 1m at 33.90 g/t Au (MRP ASX 26 July 2018).
- 5 metres at 9.57 g/t Au including 1 m at 43.00 g/t Au (MRP ASX 29 August 2018).

MacPhersons has been working on building a new gold resource block model that will be used as the basis of future open pit optimisation work and in the Boorara feasibility study.

The RC drilling program and geological review has given us sufficient confidence to continue the feasibility test work with the following excellent outcomes;

- Initial metallurgical gold recovery of over 86% and up to 91% from RC fresh composite samples on 180 micron coarse grind.
- Gravity gold recovery from RC fresh composite samples of between 62 - 71%.
- Drop test work for grindability/hardness of gold ores in SAG milling conditions completed.
- Mineralogy determination report received.
- Open pit optimisations ongoing.

Competent Person's Statement

The information in this report that relates to mineral resources and exploration results is based on information compiled by Andrew Pumphrey who is a Member of the Australian Institute of Geoscientists and is a Member of the Australasian Institute of Mining and Metallurgy. 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 3 and forms part of this directors' report for the half-year ended 31 December 2018.

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
14 March 2019

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 2018, 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
14 March 2019



N G Neill
Partner

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**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Notes	Consolidated	
		31 December 2018 \$	31 December 2017 \$
Continuing operations			
Other income	2	17,557	53,080
Employee benefits expense		(386,349)	(492,533)
Depreciation and amortisation expense		(62,823)	(71,824)
Exploration expenditure	2	(825,735)	(4,056,590)
Loss on sale of fixed assets		(2,924)	(432)
Administration costs		(293,407)	(255,684)
Site office costs		(124,546)	(146,067)
Fair value change on financial assets (listed shares)		-	(614,400)
Provision for rehabilitation costs		(278,372)	(88,867)
Loss before income tax	2	(1,956,599)	(5,673,317)
Income tax benefit (R&D refund)		-	-
Net profit/(loss) for the period		(1,956,599)	(5,673,317)
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		(1,956,599)	(5,673,317)
Basic and diluted earnings/(loss) per share (cents per share)		(0.56) cents	(1.74) cents

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

		Consolidated	
		31 December 2018	30 June 2018
		\$	\$
Notes			
	Assets		
	Current Assets		
	Cash and cash equivalents	1,058,665	3,009,616
	Trade and other receivables	3 101,247	170,757
	Total Current Assets	1,159,912	3,180,373
	Non-Current Assets		
	Property, plant and equipment	2,573,295	2,635,809
	Deferred exploration and evaluation expenditure	4 7,590,817	7,590,817
	Total Non-Current Assets	10,164,112	10,226,626
	Total Assets	11,324,024	13,406,999
	Liabilities		
	Current Liabilities		
	Trade and other payables	176,211	589,336
	Employee entitlements	55,590	50,757
	Total Current Liabilities	231,801	640,093
	Non-Current Liabilities		
	Employee entitlements	19,762	16,218
	Mine rehabilitation provision	957,424	679,052
	Total Non-Current Liabilities	977,186	695,270
	Total Liabilities	1,208,987	1,335,363
	Net Assets	10,115,037	12,071,636
	Equity		
	Issued capital	5 80,439,863	80,439,863
	Reserves	6 246,406	246,406
	Accumulated losses	(70,571,232)	(68,614,633)
	Total Equity	10,115,037	12,071,636

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Consolidated			
	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2018	80,439,863	246,406	(68,614,633)	12,071,636
Shares issued (net of issue costs)	-	-	-	-
Loss for the period	-	-	(1,956,599)	(1,956,599)
Total comprehensive income for the period	-	-	(1,956,599)	(1,956,599)
Balance at 31 December 2018	80,439,863	246,406	(70,571,232)	10,115,037
Balance at 1 July 2017	76,452,843	246,406	(60,911,323)	15,787,926
Shares issued (net of issue costs)	3,987,020	-	-	3,987,020
Loss for the period	-	-	(5,673,317)	(5,673,317)
Total comprehensive income for the period	-	-	(5,673,317)	(5,673,317)
Balance at 31 December 2017	80,439,863	246,406	(66,584,640)	14,101,629

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Consolidated	
	31 December 2018	31 December 2017
	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Payments to suppliers and employees (including exploration and evaluation activities)	(1,965,276)	(5,011,838)
Interest received	15,984	24,663
Other receipts	1,573	28,417
Net cash (outflow) from operating activities	<u>(1,947,719)</u>	<u>(4,958,758)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(4,232)	(40,182)
Proceeds from sale of property, plant and equipment	1,000	-
Proceeds from sale of subsidiary (net of cash at time of sale and costs)	-	1,500,000
Net cash inflow from investing activities	<u>(3,232)</u>	<u>1,459,818</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	4,226,784
Payment of share issue costs	-	(239,764)
Net cash inflow from financing activities	<u>-</u>	<u>3,987,020</u>
Net (decrease)/increase in cash held	(1,950,951)	488,080
Cash and cash equivalents at the beginning of the period	3,009,616	2,853,887
Cash and cash equivalents at the end of the period	<u>1,058,665</u>	<u>3,341,967</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

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 2018 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 except for the impact (if any) of the new and revised Standards and Interpretations effective 1 July 2018 as discussed below. 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 2018 except for the impact (if any) of the new and revised Standards and Interpretations effective 1 July 2018 as discussed below.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2018, 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 2018. As a result of this review, the Group has initially applied AASB 9 and AASB15 from 1 July 2018.

Due to the transition methods chosen by the Group in applying AASB 9 and AASB 15, comparative information throughout the interim financial statements has not been restated to reflect the requirements of the new standards.

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.

The Directors have also reviewed all of the new and revised Standards and Interpretations issued but not yet effective that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2019. As a result of this review, the Directors have determined that there is no other material impact of the new and revised Standards and Interpretations issued but not yet effective on the Company 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 loss after tax for the half year ended 31 December 2018 of \$1,956,599 (2017: \$5,673,317) and experienced net cash outflows from operating activities of \$1,947,720 (2017: \$4,958,758). At 31 December 2018, the Group had current assets of \$1,159,912 (30 June 2017: \$3,180,373).

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. The Group has entered into a merger implementation Agreement with Intermin Resources Limited. Completion of the merger is conditional on shareholder and court approval which is expected to be received prior to 30 June 2019. If the merger proceeds the Group's funding position will be considered as part of the overall funding position of the merged group. In the event that the merger does not proceed, the Directors believe that the Company can continue to operate at a reduced activity level with the funds that it has currently and, in addition will seek to raise additional funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

Should the Directors not be successful in the above, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and therefore its ability to realise its assets and discharge its liabilities in the ordinary course of business, and at amounts stated in the financial statements.

NOTE 2: LOSS BEFORE INCOME TAX

	Consolidated	
	31 December 2018	31 December 2017
	\$	\$
Included in the net loss for the period are the following income and expense items:		
(a) Income		
Interest received	15,984	24,663
Other income	1,573	28,417
(b) Expenses		
Consultancy fees	44,594	175,564
Depreciation and amortisation of non-current assets	62,823	71,824
Employee benefits costs	386,349	492,533
Exploration expenditure	825,735	4,056,590

NOTE 3: TRADE AND OTHER RECEIVABLES

	Consolidated	
	6 months to 31 December 2018	Year to 30 June 2018
	\$	\$
GST Recoverable	34,807	135,585
Prepayments	55,403	18,843
Other debtors	11,037	16,329
	101,247	170,757

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

NOTE 4: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	6 months to 31 December 2018 \$	Year to 30 June 2018 \$
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	7,590,817	7,590,817
Total deferred exploration and evaluation expenditure	7,590,817	7,590,817

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

NOTE 5: ISSUED CAPITAL

	Consolidated	
	31 December 2018 \$	30 June 2018 \$
<i>Ordinary shares</i>		
Issued and fully paid	80,439,863	80,439,863

	6 months to 31 December 2018		6 months to 31 December 2018		12 months to 30 June 2018		12 months to 30 June 2018	
	No.	\$	No.	\$	No.	\$	No.	\$
<i>Movements in ordinary shares on issue</i>								
Shares on issue at 1 July	351,026,501	80,439,863	317,166,611	76,452,843				
Placement Shares issued	-	-	23,179,201	3,013,294				
SPP Shares issued	-	-	9,334,536	1,213,490				
Share based payments	-	-	1,346,153	175,000				
Share issue costs	-	-	-	(414,764)				
At 31 December	351,026,501	80,439,863	351,026,501	80,439,863				

NOTE 6: RESERVES

	Consolidated	
	31 December 2018 \$	30 June 2018 \$
Share based payments reserve	246,406	246,406

The share-based payments reserve arises on the grant of share options to the managing director and general manager (no grants were made in the prior financial year). Amounts are transferred out of the reserve and into issued capital when options are exercised.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

NOTE 7: SHARE BASED PAYMENTS

Ordinary Shares

During the financial comparative period ended 31 December 2017, consulting fees totalling \$175,000 were satisfied by the issue of 1,346,153 shares to Treadstone Resource Partners Pty Ltd in accordance with an advisory mandate in relation to the company's capital raising. The total number of shares issued was derived using the issue price of the placement conducted during the financial period.

No other share based payment transactions were entered into during the period or previous period.

Options

The Company did not issue any options during the period or previous period.

NOTE 8: 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 9: CONTINGENT LIABILITIES

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

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

There were no events subsequent to reporting date requiring disclosure.

NOTE 11: FINANCIAL INSTRUMENTS

The Group has a number of financial instruments which are not measured at fair value in the statement of financial position. The Directors consider that the carrying amounts of current receivables and current liabilities are considered to be reasonable approximations of their fair values.

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 2018 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
14 March 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MacPhersons Resources Limited

Report on the Condensed Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of MacPhersons Resources Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2018, the condensed statement of comprehensive income, the condensed statement of changes in equity and the 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, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim 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 2018 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*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1 in the interim financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim 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 interim 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 2018 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.

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A review of an interim 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*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
14 March 2019



N G Neill
Partner