

## MacPhersons Resources (MRP)

### RECOMMENDATIONS

Rating	<b>BUY ▲</b>
Risk	Very High
Price Target	\$0.59
Share Price	<b>\$0.34</b>

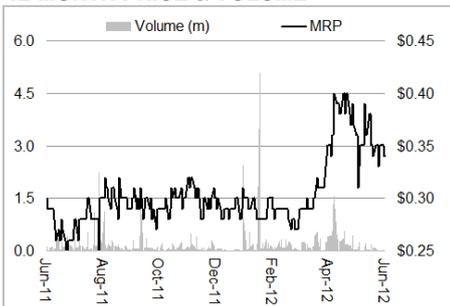
### SNAPSHOT

Monthly Turnover	\$0.5mn
Market Cap	\$85mn
Shares Issued	215mn
52-Week High	\$0.41
52-Week Low	\$0.23
Sector	Materials

### BUSINESS DESCRIPTION

MacPhersons Resources is a prolific explorer and developer with a large land package in the Kalgoorlie and Coolgardie regions of WA.

### 12-MONTH PRICE & VOLUME



### RESEARCH ANALYST

Adrian Prendergast

03 9602 9384 [aprendergast@baillieu.com.au](mailto:aprendergast@baillieu.com.au)

### Disclosure

The author owns no shares in MRP.

### Recommendations

**Buy:** The stock's total return is expected to increase by at least 10-15 percent from the current share price over the next 12 months.

**Hold:** The stock's total return is expected to trade within a range of  $\pm 10$ -15 percent from the current share price over the next 12 months.

**Sell:** The stock's total return is expected to decrease by at least 10-15 percent from the current share price over the next 12 months.

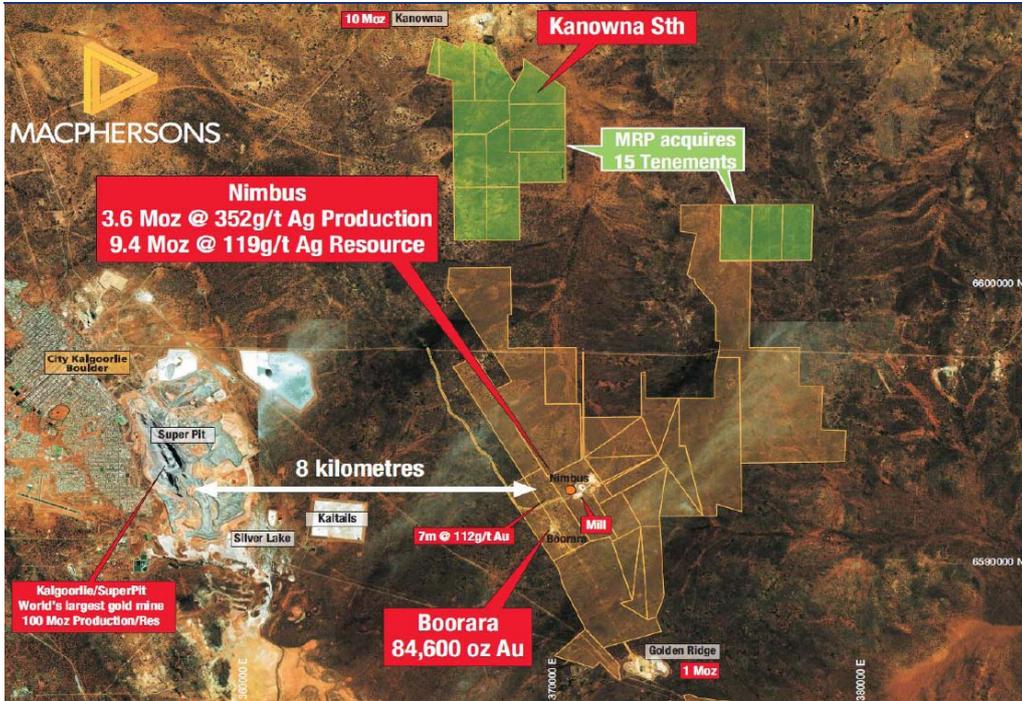
### COMPANY REPORT

#### Drill update confirms resource upside

- **News:** MacPhersons Resources has updated the market on further drill results received at its Nimbus silver project (which also holds potential for gold and zinc production) which sits 8km from the Super Pit. These diamond drill results form part of the company's Stage 2 drill campaign at Nimbus which commenced in early April, 2012.
- **Results:** The results marked continued drilling success, with an impressive 101.7 metres at an average grade of 104.7gpt silver intersected from 11 metres down the hole (including 13 metres at 372 gpt silver and 3.4 metres at 419 gpt silver). This hole was 20 metres south-southeast of the last hole sunk and was drilled vertically from the floor of the East Pit where it targeted (and successfully hit) the second lens of mineralisation identified from previous drilling.
- **Mineralisation extends:** This extension of mineralisation demonstrates impressive continuity in the mineralisation at Nimbus and further supports the company's geological modelling of the deposit. We believe this will form a strong basis for additional resource upgrades at Nimbus over the coming months. Also notable within the result was the 11 metres of tailings at the floor of the East Pit showing an average grade of 77.3gpt silver.
- **Upside:** With only the first lens included in the current resource estimate, and up to nine lenses expected in total, we continue to identify large resource upside at Nimbus. MacPhersons has already surpassed its original exploration target with a current resource base of 9.5 million ounces of silver (at an average grade of 119 gpt) and 225koz of gold (at an average grade of 1.5gpt).
- In the short-term, we expect that MacPhersons' silver resource will climb to 15 million ounces, but given its high prospectivity, we expect the ultimate scale of the resource (in the long-term) to possibly be in the range of 25 to 50 million ounces (without including the company's gold and zinc prospects).
- **Progress:** Stage 2 drilling has been focused on confirming the presence and measuring the continuity of the Lens 2 mineralised zone. Starting next week, MacPhersons will progress into Stage 3 of its current drill campaign with the aim of locating silver oxide mineralisation close to surface between the Discovery and East Pits. We note that the addition of oxide resources near surface is highly likely to be economic to recover as this area is already set to be mined as part of the cutback in the optimised pit design.
- **Our view:** We have been impressed with both the rate of progress being made on the project's development and also with the continued exploration success experienced so far that continues to reconcile accurately with the company's own geological models of the deposit's mineralised VHMS lenses.
- Despite the volatility being experienced across broader equity markets, MacPhersons continues to meet key exploration and development targets at Nimbus as the project heads towards initial production in early 2013 (supported by its existing mill that is currently being refurbished).
- **Rating:** We maintain a Buy rating on MacPhersons with a \$0.59 per share 12-month price target. Key risks being actively managed by MacPhersons are finalising the complex metallurgical profile at Nimbus and completing the fit out of its existing mill on schedule and budget.

## Drill update confirms resource upside

FIG.1: Overview of MacPhersons assets



Source: MRP

FIG.2: Diamond drill campaign at Nimbus progresses

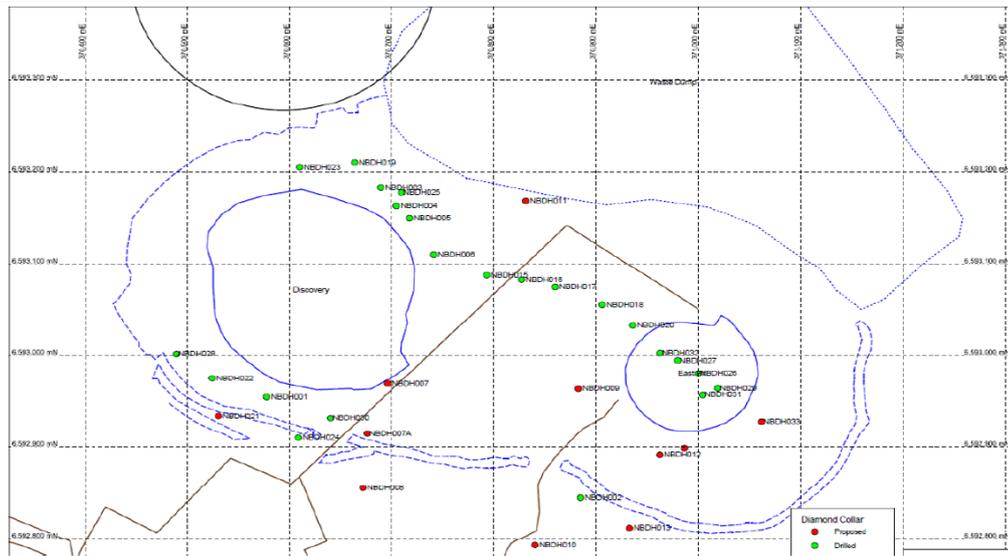


Figure 2 – Nimbus diamond holes collar location plan (completed in green; proposed in red).

Source: MRP

This document has been prepared and issued by:

**E.L. & C. Baillieu Stockbroking Ltd**  
 ABN 74 006 519 393  
 Australian Financial Service Licence No. 245421  
 Participant of ASX Group  
 Participant of NSX Ltd

**Analysts' stock ratings are defined as follows:**

**Buy:** The stock's total return is expected to increase by at least 10-15 percent from the current share price over the next 12 months.

**Hold:** The stock's total return is expected to trade within a range of  $\pm 10-15$  percent from the current share price over the next 12 months.

**Sell:** The stock's total return is expected to decrease by at least 10-15 percent from the current share price over the next 12 months.

**Disclosure of potential interest and disclaimer:**

E.L. & C. Baillieu Stockbroking Ltd (**Baillieu**) and/or its associates may receive commissions, calculated at normal client rates, from transactions involving securities of the companies mentioned herein and may hold interests in securities of the companies mentioned herein from time to time. Your adviser will earn a commission of up to 50% of any brokerage resulting from any transactions you may undertake as a result of this advice.

This advice is issued on the basis that:

- a) in preparing the advice, Baillieu did not consider whether the advice is appropriate in light of the particular investment needs, objectives and financial situation of the investor(s) or prospective investor(s); and
- b) before making an investment decision on the basis of the advice contained herein, the investor(s) or prospective investor(s) need to consider whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances.

When we provide advice to you, it is based on the information you have provided to us about your personal circumstances, financial objectives and needs. If you wish to rely on our advice, it is important that you inform us of any changes to your personal investment needs, objectives and financial circumstances.

If you do not provide us with the relevant information (including updated information) regarding your investment needs, objectives and financial circumstances, our advice may be based on inaccurate information, and you will need to consider whether the advice is suitable to you given your personal investment needs, objectives and financial circumstances. Please do not hesitate to contact our offices if you need to update your information held with us. Please be assured that we keep your information strictly confidential.

No representation, warranty or undertaking is given or made in relation to the accuracy of information contained in this advice, such advice being based solely on public information which has not been verified by E.L. & C. Baillieu Stockbroking Ltd.

Save for any statutory liability that cannot be excluded, E. L. & C. Baillieu Stockbroking Ltd and its employees and agents shall not be liable (whether in negligence or otherwise) for any error or inaccuracy in, or omission from, this advice or any resulting loss suffered by the recipient or any other person.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgement at its original date of publication and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.

E.L. & C. Baillieu Stockbroking Ltd assumes no obligation to update this advice or correct any inaccuracy which may become apparent after it is given.

Authors of company comments may hold shares in companies mentioned.

**E.L. & C. Baillieu Stockbroking Ltd**  
 ABN 74 006 519 393  
 Australian Financial Service Licence No. 245421  
 Participant of ASX Group  
 Participant of NSX Ltd

**www.baillieu.com.au**

**Melbourne (Head Office)**  
**Address** Level 26, 360 Collins Street  
 Melbourne, VIC 3000 Australia  
**Postal** PO Box 48, Collins Street West  
 Melbourne, VIC 8007 Australia  
**Phone** +61 3 9602 9222  
**Facsimile** +61 3 9602 2350  
**Email** baillieu@baillieu.com.au

**Bendigo Office**  
**Address** Cnr Bridge & Baxter Streets  
 Bendigo, VIC 3550 Australia  
**Postal** PO Box 40  
 North Bendigo, VIC 3550 Australia  
**Phone** +61 3 5443 7966  
**Facsimile** +61 3 5442 4728  
**Email** bendigo@baillieu.com.au

**Newcastle Office**  
**Address** Level 1, 120 Darby Street  
 Cooks Hill, NSW 2300 Australia  
**Postal** PO Box 111  
 The Junction, NSW 2291 Australia  
**Phone** +61 2 4925 2330  
**Facsimile** +61 2 4929 1954  
**Email** newcastle@baillieu.com.au

**Perth Office**  
**Address** Level 10, 191 St Georges Terrace  
 Perth WA 6000 Australia  
**Postal** PO Box 7662, Cloisters Square  
 Perth, WA 6850 Australia  
**Phone** +61 8 6141 9450  
**Facsimile** +61 8 6141 9499  
**Email** perth@baillieu.com.au

**Sydney Office**  
**Address** Level 18, 1 Alfred Street  
 Sydney, NSW 2000 Australia  
**Postal** PO Box R1797  
 Royal Exchange, NSW 1225 Australia  
**Phone** +61 2 9250 8900  
**Facsimile** +61 2 9247 4092  
**Email** sydney@baillieu.com.au