

Tim McCormack

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**(MRP) MacPhersons Resources** - Resource upgrade at Nimbus to 18.3Moz Silver Eq\* -  
SPEC BUY

## Event Impact - Materials Research

**PATERSONS**  
THE AUSTRALIAN STOCKBROKER

**MacPhersons Resources (MRP) \$0.38**

**Recommendation: SPEC BUY**

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### Event

- MRP today announced a significant resource upgrade at its 100% owned Nimbus Silver-Zinc-Gold deposit located 10km east of Kalgoorlie
- The new JORC resource is 4.4Mt at 129g/t for 18.3Moz silver equivalent (a 46% increase to the previous resource).

### Impact

- An important component of the upgrade is **that 100% of the July JORC resource has now been converted to the Measured and Indicated categories**. The increased confidence reflects the company's high level of technical understanding of the Nimbus mineralogy which still has significant upside as it remains open at depth and along strike.
- The **latest resource upgrade will underpin a Final Engineering Design Study expected this Q** which will paint a clear picture of capital and operating costs for the Nimbus operation. Initial indications are that a modest capex of \$25-30m will cover startup capital and mill expansions while operating costs are expected to be ~\$10/oz silver. Preliminary mining studies have demonstrated positive NPV's across a number of mining scenarios, however, we believe the latest drilling will allow for a "silver super pit" scenario which incorporates all the mineralised lenses and improves project economics significantly.
- **Production expected in the 1H CY14**. Long lead time items such as the Merrill Crowe plant are ordered and should arrive on site by October this year. With the incorporation of new gold zones and identification of native silver in the mineralogy, scoping work is also being completed looking at the potential for introducing a gravity circuit into the final flow sheet.
- **A number of 600-800m holes (previous deepest 400m) will be drilled in the later part of this year to test the underground potential of this high grade deposit.**
- Managing Director Morrie Goodz will be on a 2 weeks road show starting next week presenting at a number of conferences in Vancouver and NY.

Figure1: Resource table

| Category           | Tonnes           | Ag (g/t) | Ag-Eq (g/t) | Ag (oz)        | Ag-Eq*(oz)     |
|--------------------|------------------|----------|-------------|----------------|----------------|
| <b>Silver Zone</b> |                  |          |             |                |                |
| Measured           | 660,000          | 125      | 195         | 2.7Moz         | 4.1Moz         |
| Indicated          | 2,885,000        | 92       | 135         | 8.5Moz         | 12.5Moz        |
| <b>Gold Zone</b>   |                  |          |             |                |                |
| Inferred           | 870,000          | 19       | 62          | 0.5Moz         | 1.7Moz         |
| <b>TOTAL</b>       | <b>4,415,000</b> |          | <b>129</b>  | <b>11.7Moz</b> | <b>18.3Moz</b> |

(also containing 49,000t Zinc; 33,000oz Gold)

**Disclosure:** Patersons Securities acted as Lead Manager to MRP's IPO to raise \$30m at \$0.30/sh in December 2010. Patersons received a fee for these services.

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