

MacPhersons Resources

Mining
11 April 2013

Investment summary: Kalgoorlie silver shines

MacPhersons Resources has announced that pit optimisation studies conducted on the flagship Nimbus project, which recently increased its JORC resource by 46% to 4.4Mt at 129g/t Ag, for 18.3Moz Ag 'equivalent', support the consolidation of two existing open pits into a single silver super pit. Expansion of processing capacity at Nimbus to 480ktpa with the addition of a Merrill Crowe unit and a new tailings storage facility will allow co-treatment of silver and gold from numerous sources, including Boorara and Coolgardie. The company is targeting first silver production by H114, commencing at 2Moz pa at a cost of A\$10/oz, with capex at c A\$50m.

Nimbus – potential for silver resource upgrade

The Nimbus silver project spans 80 sq km, is located 10km from Kalgoorlie and includes the mine, a processing plant and a current JORC resource. The ore body comprises a series of volcanogenic-hosted massive sulphides (VHMS) lenses carrying silver-zinc-lead mineralisation with zones of anomalous gold and copper values. Notwithstanding the extent of mineralisation between the Discovery and East Pits, the presence of high-grade lenses outside the current pit design, with reported intercepts in excess of 1,000g/t Ag, bodes well for resource upgrades.

Boorara – gold resource adjacent to Nimbus

The Boorara gold and poly-metallic project spans 33 sq km immediately west of Nimbus and includes four main areas of near-surface mineralisation along a strike distance of approximately 1.5km. The JORC mineral resource estimate for the project currently stands at 2.3Mt at 1.28g/t Au for 96.4koz Au. A feasibility study is underway evaluating gold recovery and processing options.

Coolgardie gold projects – MacPhersons Reward

The Coolgardie project area encompasses a 7km continuous strike length along the MacPhersons Reward mine line of workings, which includes eight historical open pits and represents a JORC mineral resource estimated at 200.7koz Au.

Valuation: EV/Ag equivalent of A\$2.6/oz

Cash of A\$11.8m (December 2012) implies an EV per silver equivalent ounce of A\$2.6 versus an Australian average of A\$0.5 for ASX-listed silver mining companies with projects in Australia. This could reflect expectation of continuing resource upgrades at Nimbus and the prospect of near-term production in 2014.

Historic financials

Year End	Revenue (A\$m)	PBT (A\$m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
06/10	0.0	(1.3)	(7.7)	0.0	N/A	N/A
06/11	0.0	(5.8)	(4.7)	0.0	N/A	N/A
06/12	0.0	(11.7)	(5.6)	0.0	N/A	N/A
06/13e	N/A	N/A	N/A	N/A	N/A	N/A

Source: Bloomberg

Price **A\$0.24**
Market cap **A\$59m**

Share price graph



Share details

Code **MRP**
 Listing **ASX**
 Shares in issue **247m**

Business description

MacPhersons Resources is an ASX-listed explorer with advanced gold, silver, zinc and lead exploration projects in the Eastern Goldfields of Western Australia. Its primary focus is on the Nimbus-Boorara silver-gold-zinc projects near Kalgoorlie and the MacPhersons Reward mine near Coolgardie.

Bull

- High-grade silver resource.
- Existing infrastructure.
- Solid cash position.

Bear

- Development risk.
- Production risk.
- Commodity risk.

Analysts

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