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**MACPHERSONS**

Capital Raising Presentation – 28 July 2014

Morrie Goodz, Managing Director

**Heading for Production and Cashflow at the  
Nimbus Silver-Gold-Zinc Project, Kalgoorlie**

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Investors are cautioned that any forward looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in any forward looking statements made.

Exploration targets are conceptual in nature and drilling may not convert these to resources.

# Why Invest in MacPhersons?



High-grade Nimbus Silver–Gold–Zinc VMS in Kalgoorlie

BFS on track for completion in Dec Quarter 2014

Extensive drilling campaign underway in preparation for significant reserve-resource update

Production and cashflow targeted for Dec Quarter 2015

High-grade, low-cost operation shows potential for rapid pay-back

Outstanding exploration upside both along strike and at depth

Additional regional copper, nickel and gold targets

Strategic location with infrastructure, residential workforce and proven geological endowment



# Offer Summary



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## Offer Information– Institutional Placement

<b>Offer structure</b>	MacPhersons is seeking to raise up to \$9million via an institutional placement of up to 56,250,000 shares (“Placement” or the “Offer”), but is able to take over subscriptions up to \$10.4m being for 65,000,000 shares). Minimum commitments for approximately \$6.9m have already been received from the Cornerstone Investors
<b>Offer pricing</b>	The offer price has been set at A\$0.16 This represents a discount of: <ul style="list-style-type: none"><li>- 9% to the last close</li><li>- 6% to the 10 day VWAP of A\$0.17</li></ul>
<b>Cornerstone Investors</b>	Orion will subscribe for a minimum of 36,819,000 shares or approximately \$5.9m up to a maximum of 40,625,000 new shares or approximately \$6.5m if the placement is fully subscribed.  Orion will subscribe for that number of new shares that will take Orion’s shareholding in Macphersons, after the issue of the new shares under the Placement, up to a maximum of 19.90%. In the event that the placement is oversubscribed, Orion will receive its allocation in priority to all other investors.  The Chairman, Mr Ashok Parekh will subscribe for up to 6,250,000 shares or \$1,000,000.
<b>Lead Manager</b>	Argonaut Securities Pty Limited
<b>ASX BookBuild</b>	All legally eligible investors may bid for securities under code MRPXBB via any ASX broker
<b>Stamping Fee</b>	ASX brokers will receive a 4% stamping fee on successful allocations
<b>Ranking</b>	All new shares issued under the Offer will rank pari passu with existing shares

# Sources and Uses of funds



## Sources of Funds

Existing cash balances (as at 30 June 2014)	A\$2.1 million	A\$2.1 million
Funds from the offer (before Offer costs)	A\$9 million	A\$10.4 million
<b>Total cash available following the Offer</b>	<b>A\$11.1 million</b>	<b>A\$12.5 million</b>

## Uses of Funds

<b>Nimbus BFS Drilling:</b> Design geotechnical drilling for decline portals, ventilation and escape way shafts, drill out of stope extensions along strike and down dip to confirm high grade shoot geometry	A\$3.8 million	A\$4.8 million
<b>Boorara BFS Drilling:</b> Design geotechnical drilling of intra-pit extensions and confirm 3 deposit styles amenable to single process flow sheet	A\$1.5 million	A\$1.8 million
<b>BFS Engineering:</b> Design and implementation of test work on engineering parameters for final engineering studies on flowsheets, detailed designs and costings	A\$1.1 million	A\$1.1 million
<b>BFS Technical /Economic Studies</b> Design and completion of test work for technical studies including geotechnical, metallurgical, marketing of mineral concentrates, and other factors	A\$1.1 million	A\$1.2 million
<b>Transaction Fees:</b>	A\$0.7 million	A\$0.7 million
<b>Working Capital:</b> (including contingency)	A\$2.9 million	A\$2.9 million
<b>Total</b>	<b>A\$11.1 million</b>	<b>A\$12.5 million</b>

## Key Dates – Institutional Placement

<b>Trading halt</b>	Friday, 25 July 2014
<b>Trading Halt and ASX Announcement</b>	MacPhersons intends to seek a trading halt and voluntary suspension of up to 4 trading days to allow for the completion of roadshow presentations and bookbuild process All relevant announcements will be available under the code MRP on ASX MAP
<b>Offer opens and ASX BookBuild Opens</b>	10.30am, Monday 28 July 2013
<b>Offer closes</b>	MacPhersons reserves the right to close the ASX BookBuild at any time after midday (AEST) on Tuesday 29 July. Offer will close no later than Thursday, 31 July 2014
<b>Institutional Placement, CHESD DvP Settlement</b>	T+4 days after the offer close

# How to Bid via ASX BookBuild



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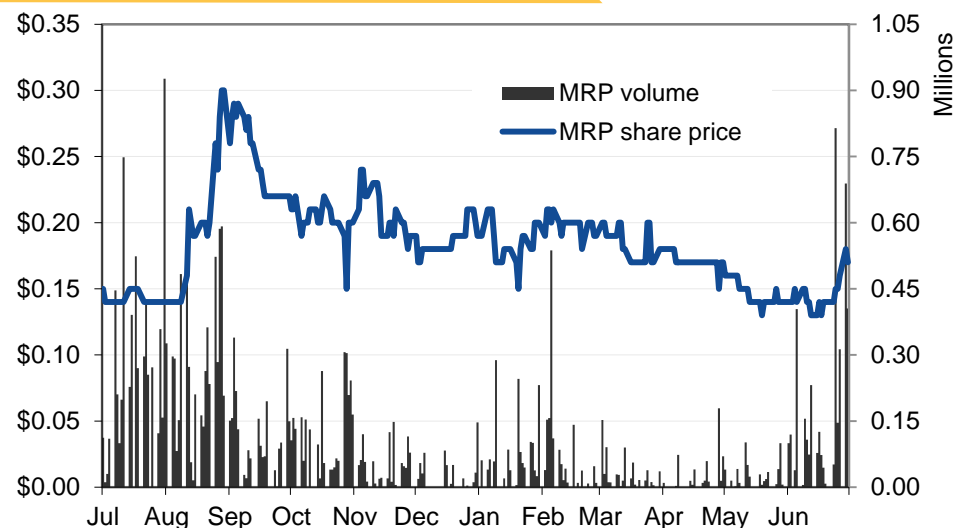
How to Bid	
<b>Contact your Broker</b>	Contact your broker or the Technical Lead Manager (Argonaut) You must be a Sophisticated or Professional investor to participate
<b>ASX BookBuild Agreement</b>	Enter into the once-off ASX BookBuild Agreement with your broker
<b>Bid via the ASX code "MRPXBB"</b>	Any broker may bid on your behalf using the ticker "MRPXBB" While the offer is open, your broker may enter, amend or withdraw bids MRP may close the offer at any time after midday (AEST) Tuesday 29 July without notice All bids in ASX BookBuild are binding on close
<b>Fixed Pricing</b>	All bids and allocations will be made at the fixed price of \$0.16 per share Market volumes are not disclosed under the ASX BookBuild Facility
<b>Allocations</b>	Brokers will notify investors of final allocations post close of the offer If the offer is oversubscribed, "on-market" bids will be scaled back pro-rata
<b>Announcements</b>	Relevant announcements will be available under the company's code MRP on ASX MAP

# Corporate Overview



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ASX Code:	MRP
ASX Listed:	December 2010
Ordinary Shares:	254 million
Options:	Nil
Market Cap:	A\$44.4m (at 17.5 cents)
Cash:	A\$2.1m (30 June 2014)
Debt:	Nil



## Projects

- ▶ 100% Nimbus Silver-Gold-Zinc VHMS
- ▶ 100% Boorara/Coolgardie gold assets

## Substantial Shareholders

- ▶ Directors/Management: 37%
- ▶ Orion Mine Finance: 8%
- ▶ Top 20 shareholders: 65%

## Board of Directors & Management

Ashok Parekh, Chairman

*Accounting & Mining Company Management*

Morrie Goodz, Managing Director

*Geology, Chemistry, Mine Development & Management*

Jeff Williams, Non-Executive Director

*Mining Engineering, Mine Planning, Development & Operation*

Randell Ford, Operations Manager

*Mining Engineering, Processing & Operational Management*

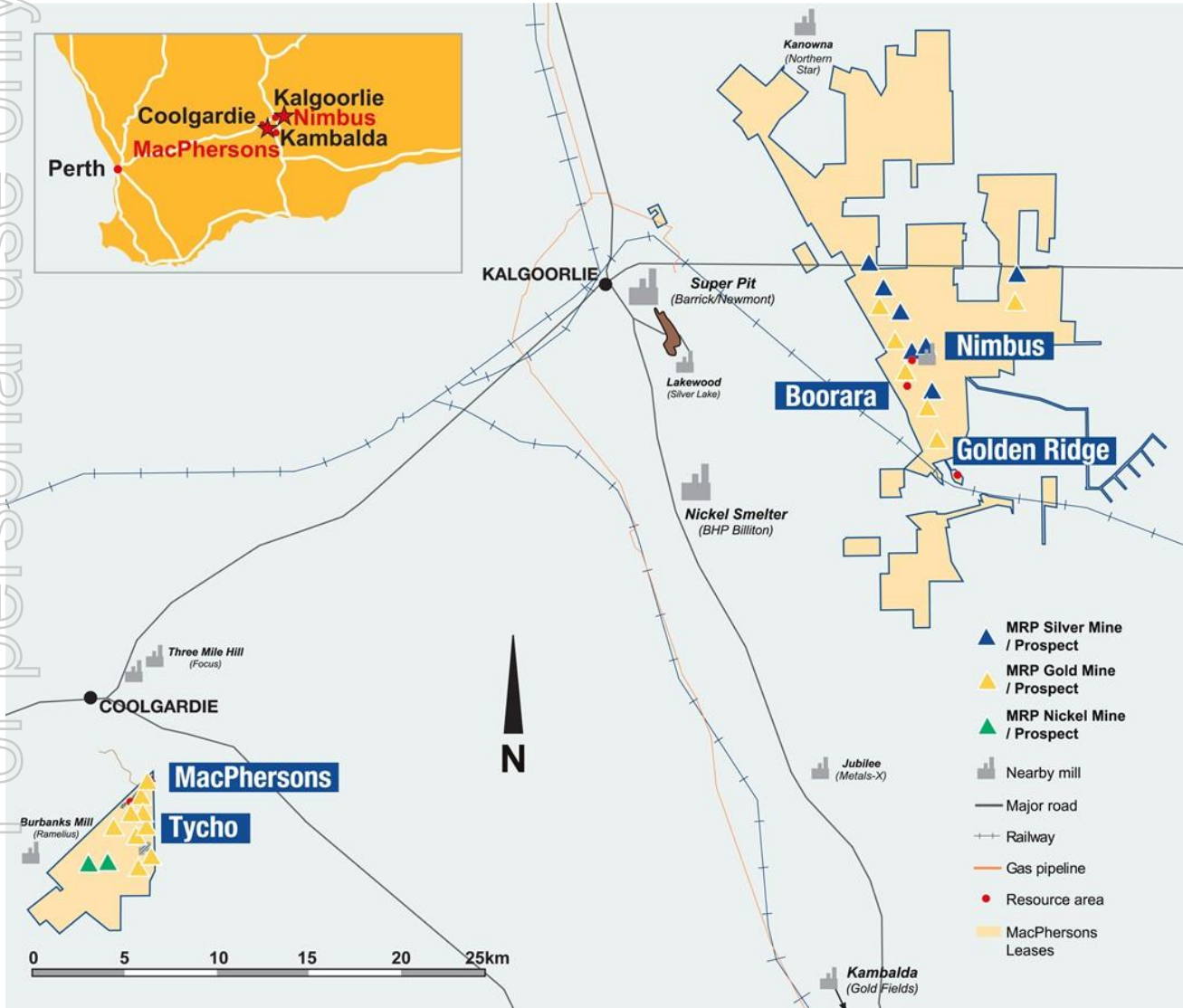
Stephen Hewitt-Dutton, Company Secretary

*Accounting, Mergers & Acquisitions, Compliance*

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# Prime Location, Extensive Infrastructure



- ▶ Strategic tenement holding
- ▶ Readily available infrastructure: gas, power, rail, water
- ▶ Mining engineering services and workforce
- ▶ Kanowna – Boorara shear zone

# Prime Location, Recognised Production Area

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**Nimbus Reserve:**  
**1.1Mt @ 297g/t Ag-Eq\* (10.8Moz)**  
**Nimbus Resource:**  
**4.9Mt @ 149g/t Ag-Eq\* (23.4Moz)**



**MRP Nimbus-Boorara**  
**205km<sup>2</sup> of Tenements**

**Mill - Past Production 2003-07**  
**318,992t @ 352g/t Ag (3.6Moz)**

**Kalgoorlie / SuperPit**  
**100 Moz Gold Combined**  
**Production / Resource**

**Boorara**  
**260,000 oz Au**

**Golden Ridge**  
**1 Moz**

Super Pit

City Kalgoorlie Boulder

Nimbus

Boorara

Golden Ridge

10 km

6600000 N

6590000 N

3600000 E

3700000 E

3800000 E

- Ag-Eq\* is calculated using metal credits:  $Ag\ Eq^* = Ag + Zn \times 28.852 + Au \times 62.626 + Hg \times 0.15$
- Full details of Ag Eq\* calculations and input parameters detailed in the Appendices.



- ▶ 15,732m (processed 55 drillcore holes)
- ▶ Mine design and Ore Reserve statements on two projects
- ▶ Defined high-grade ore reserve at Nimbus: 1.1 Mt @ 297 g/t Ag Eq\* recoverable grade
- ▶ Significant increase in Mineral Resource Statements for both Nimbus & Boorara
- ▶ Drilling confirmed 600m down plunge extension of sulphide mineralisation
- ▶ Project independent technical review (SRK) identified no fatal flaws
- ▶ Progressed to Bankable Feasibility Study (Appointment of Sedgman)

\* = Ag Eq is calculated using metal credits:  $\text{Ag Eq.} = \text{Ag} + \text{Zn} \times 28.852 + \text{Au} \times 62.626 + \text{Hg} \times 0.15$   
Full details of Ag Eq calculations and input parameters detailed in the Appendices.



## Plant

- ▶ Operated from 2003 to 2007
- ▶ Processed 319,000 t at a head grade of 352 g/t Ag to produce 3.6 Moz silver
- ▶ Larger resource needs larger mill capacity
- ▶ Conventional plant
  - ▶ Grind / Gravity
  - ▶ Leach / Flotation
  - ▶ Flowsheet in Appendix

### Key Parameter

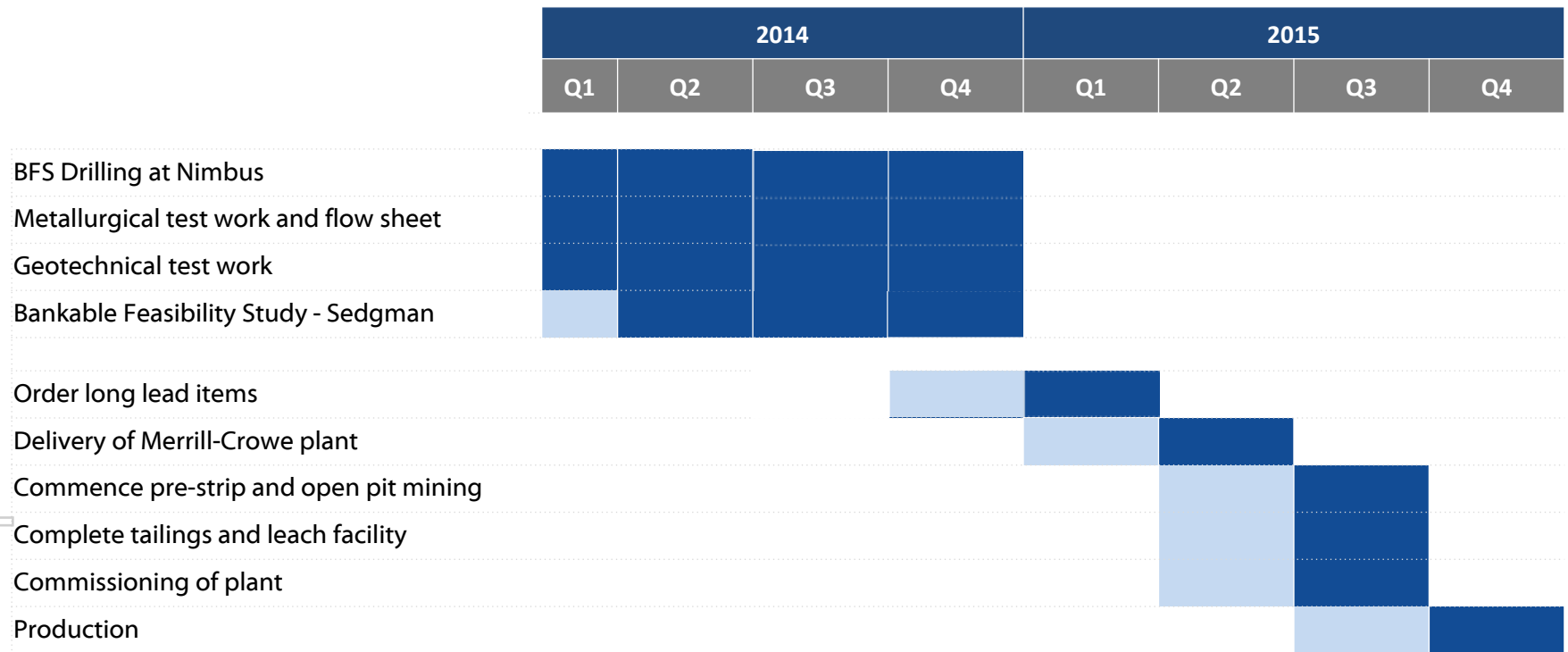
### Input

Stope design	2 to 20m wide
Expanded Plant capacity (from 160,000 tpa to 480,000 tpa)	480,000 tpa
New Heap Leach Plant	1,000,000 tpa

# Timeline to Production



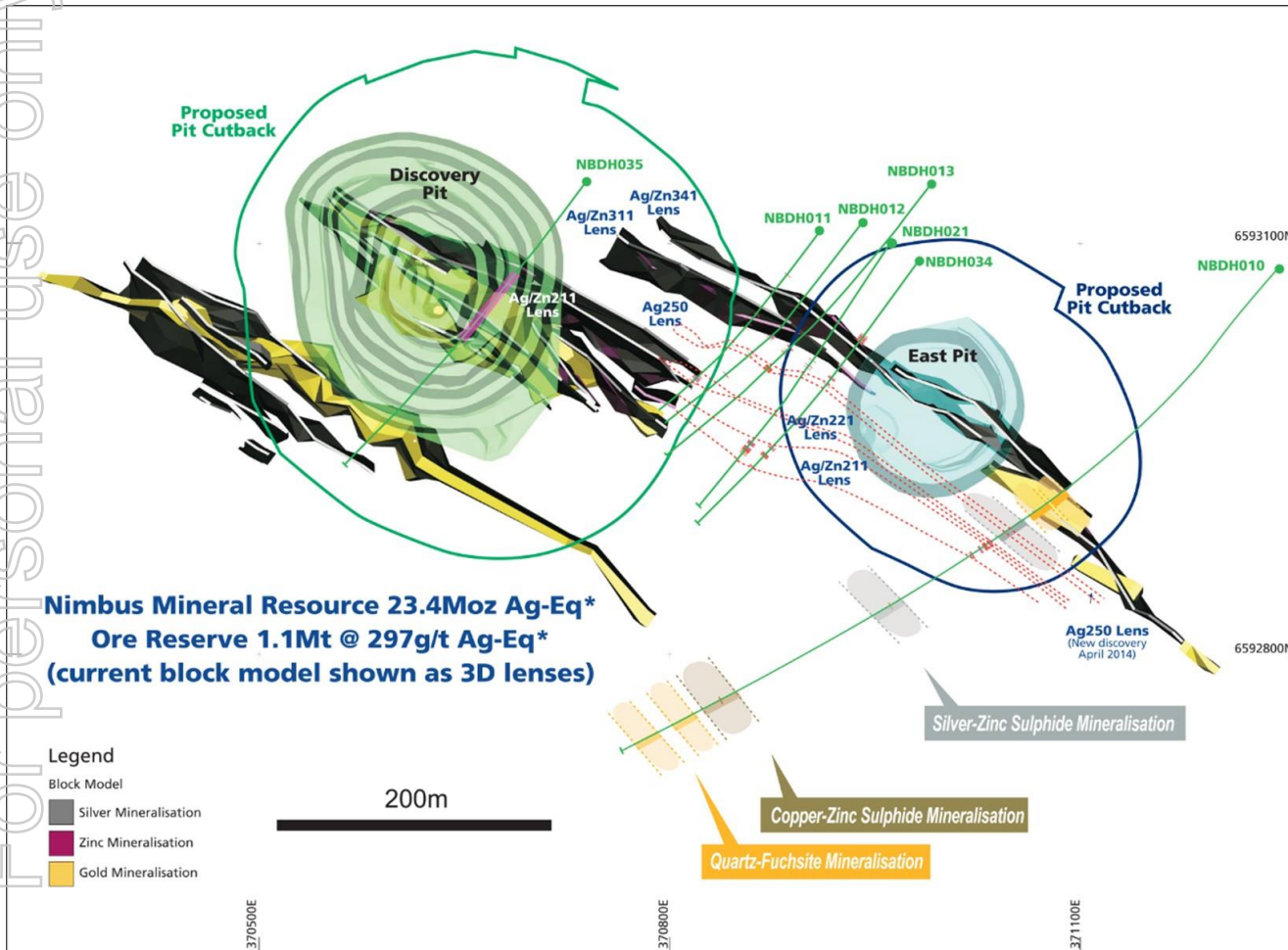
## Production Target Q3/Q4 2015



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# Upside - BFS Drillholes

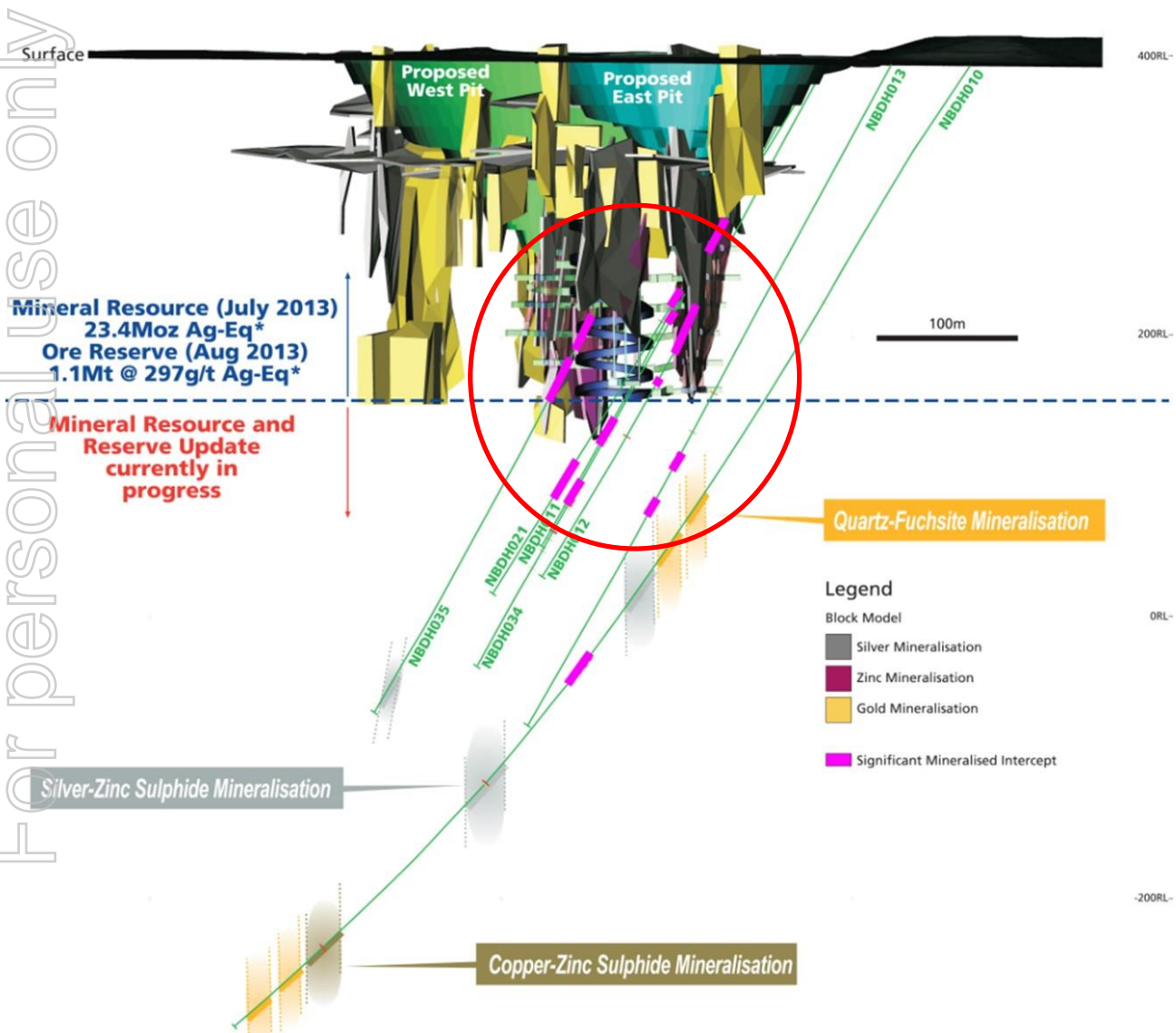
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## VHMS deposit

- ▶ Volcanogenic Hosted Massive Sulphide
- ▶ Existing mineral resource limited only by drilling
- ▶ Mineralisation remains open in both strike length and depth
- ▶ Multiple lenses, such as Ag/Zn211 up to 20m thick

# Nimbus Silver-Gold-Zinc Project – 500m Deep



## VHMS deposit

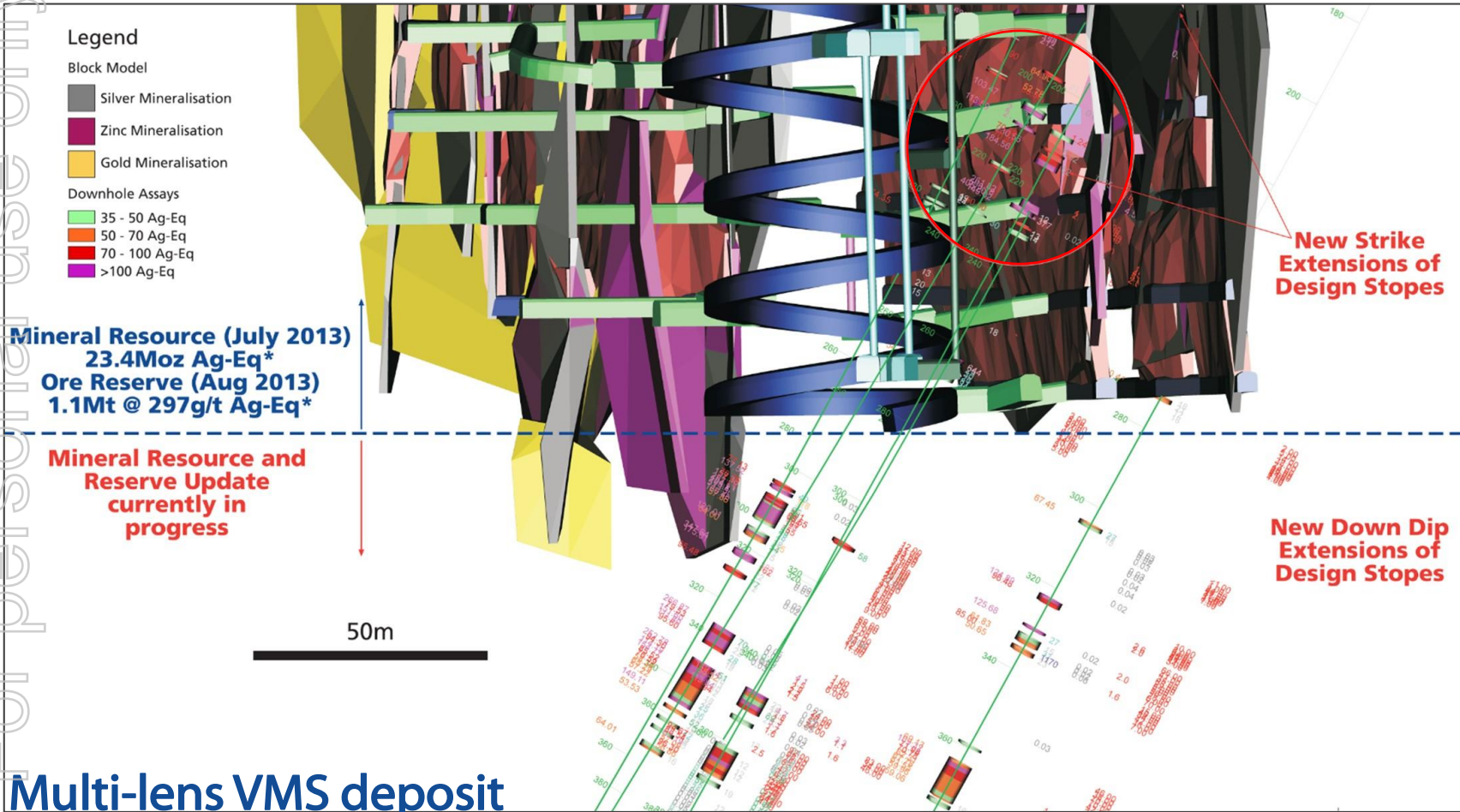
- ▶ 500m deep intercept
- ▶ Analogous to other VMS deposits in Western Australia
- ▶ 30+ lenses identified to date
- ▶ Zinc massive sulphide mineralisation consists mainly of sphalerite, pyrite and silver bearing minerals with byproduct quantities of gold, copper & lead-bearing sulphides

# Proposed U/ground Mine with New Extensions



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- ▶ All lenses remain open along strike
- ▶ All lenses remain open at depth; sulphide mineralisation to 850m depth



# Video Flyover

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Discovery Pit

Nimbus

East Pit

10.25m @ 1244 g/t Ag

8m @ 1742 g/t Ag

2.8m @ 2916 g/t Ag

11m @ 1869 g/t Ag

4m @ 2800 g/t Ag

17m @ 1482 g/t Ag

8m @ 1526 g/t Ag

17m @ 1434 g/t Ag

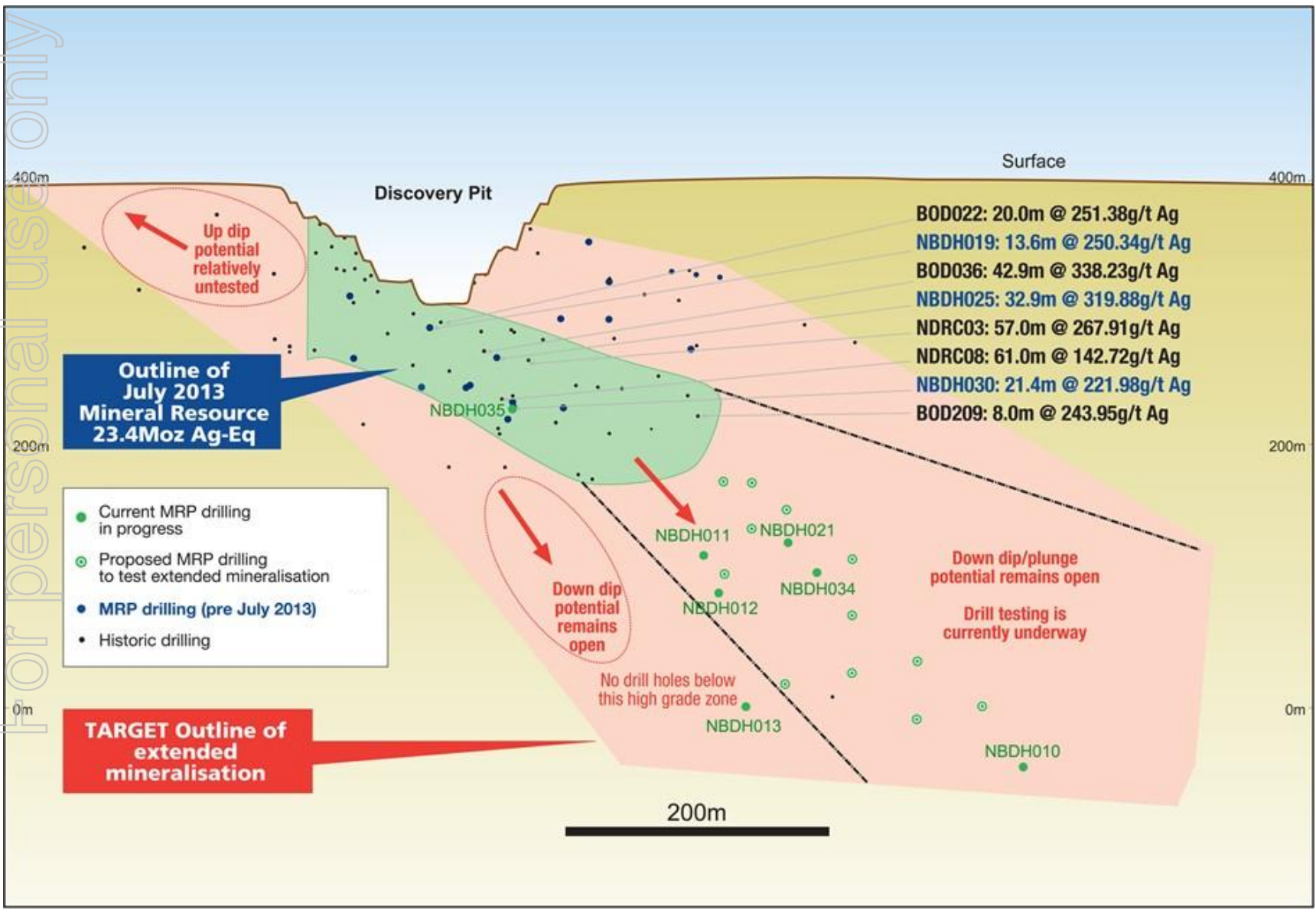
Video of 3D flyover of minesite and new mill with narration:

<http://www.mrpresources.com.au/dvd.php#v201310>

Live video of Diggers & Dealers presentation

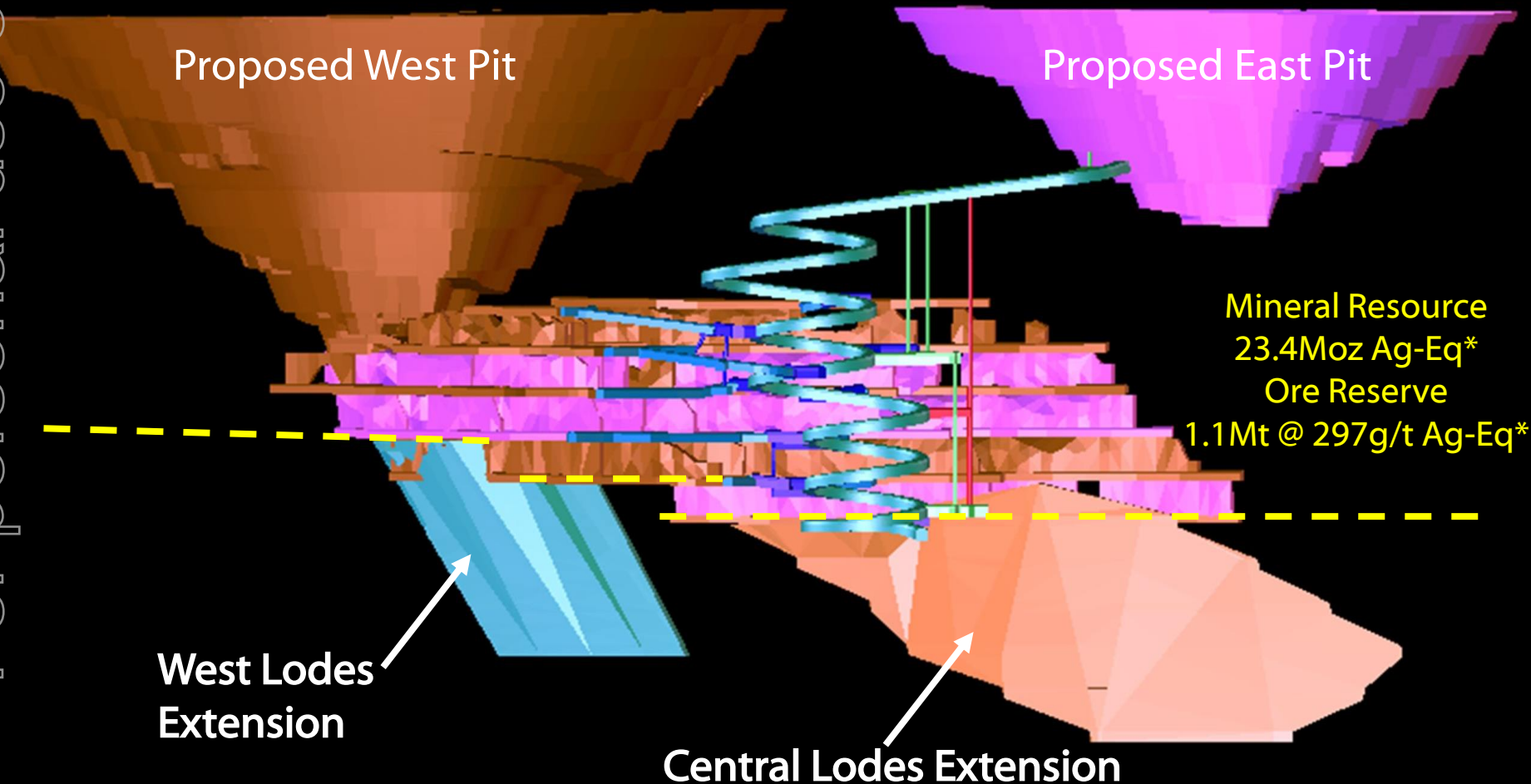
<http://www.mrpresources.com.au/dvd.php#v201308>

# Open High Grade Mineralisation



# Upside Potential

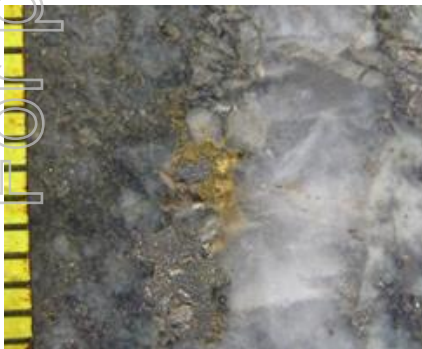
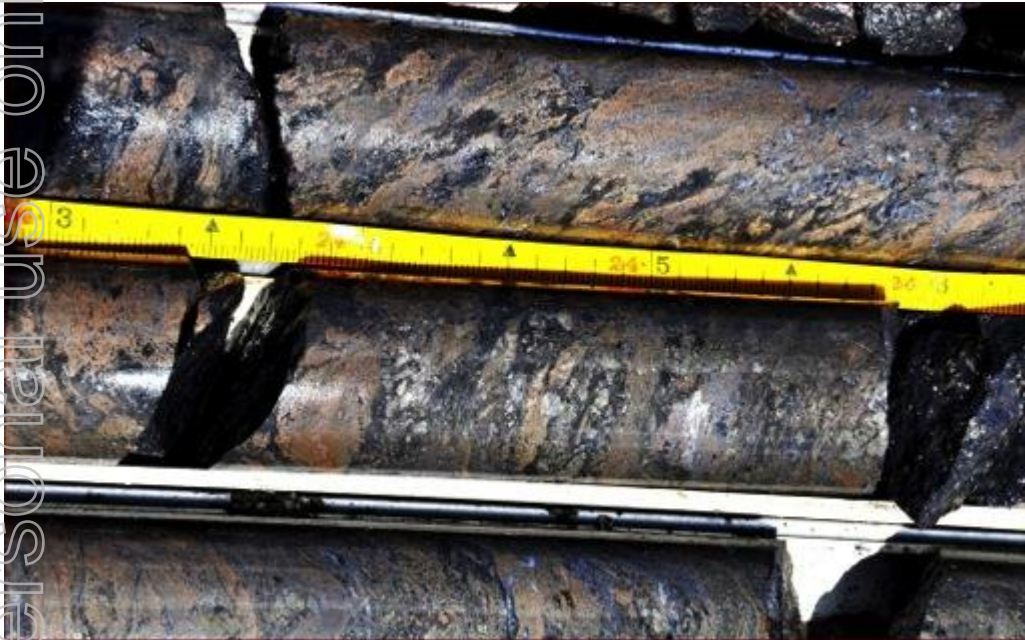
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# Grade is King – Massive Sulphides

## VHMS deposit

- ▶ Existing mineral resource limited by drilling
- ▶ Mineralisation remains open in multiple lenses, such as Ag/Zn211



## Polymetallic

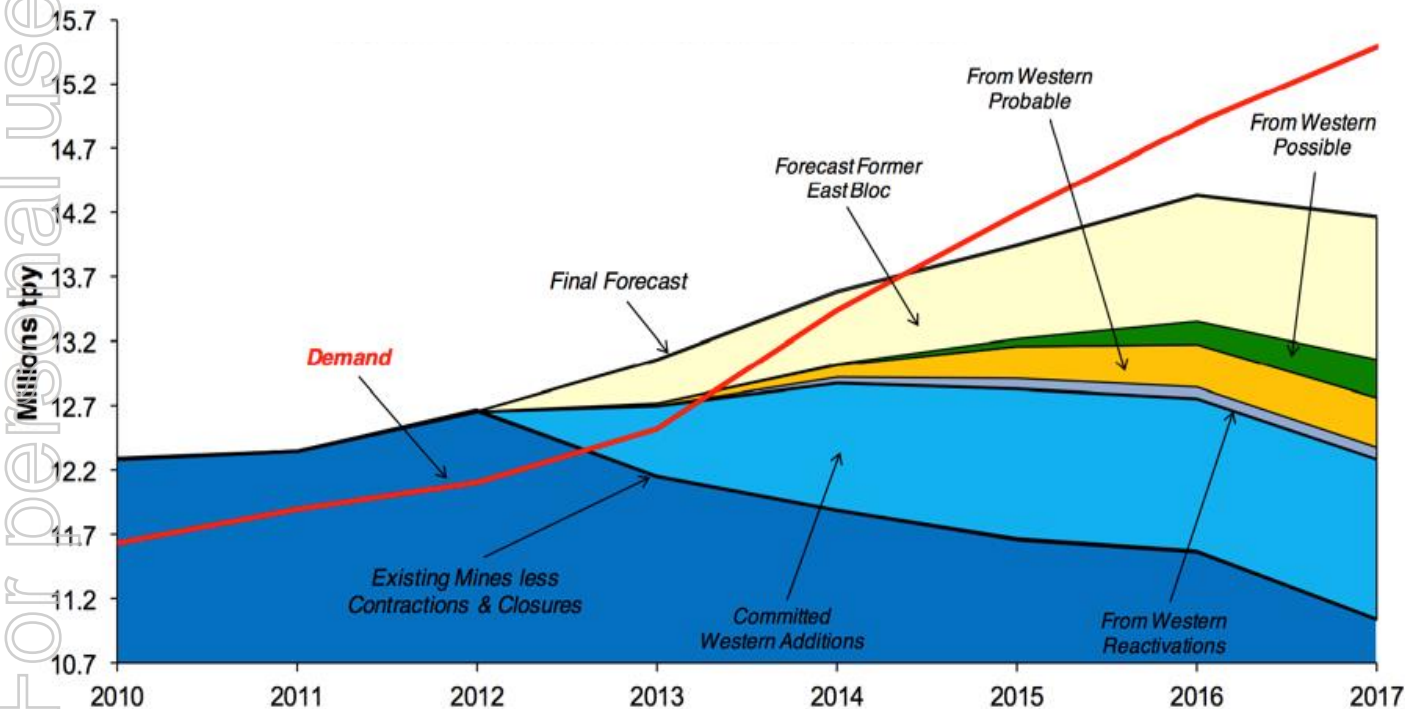
- ▶ Silver
- ▶ Zinc
- ▶ Gold



# Zinc Market Supply - Demand Curves

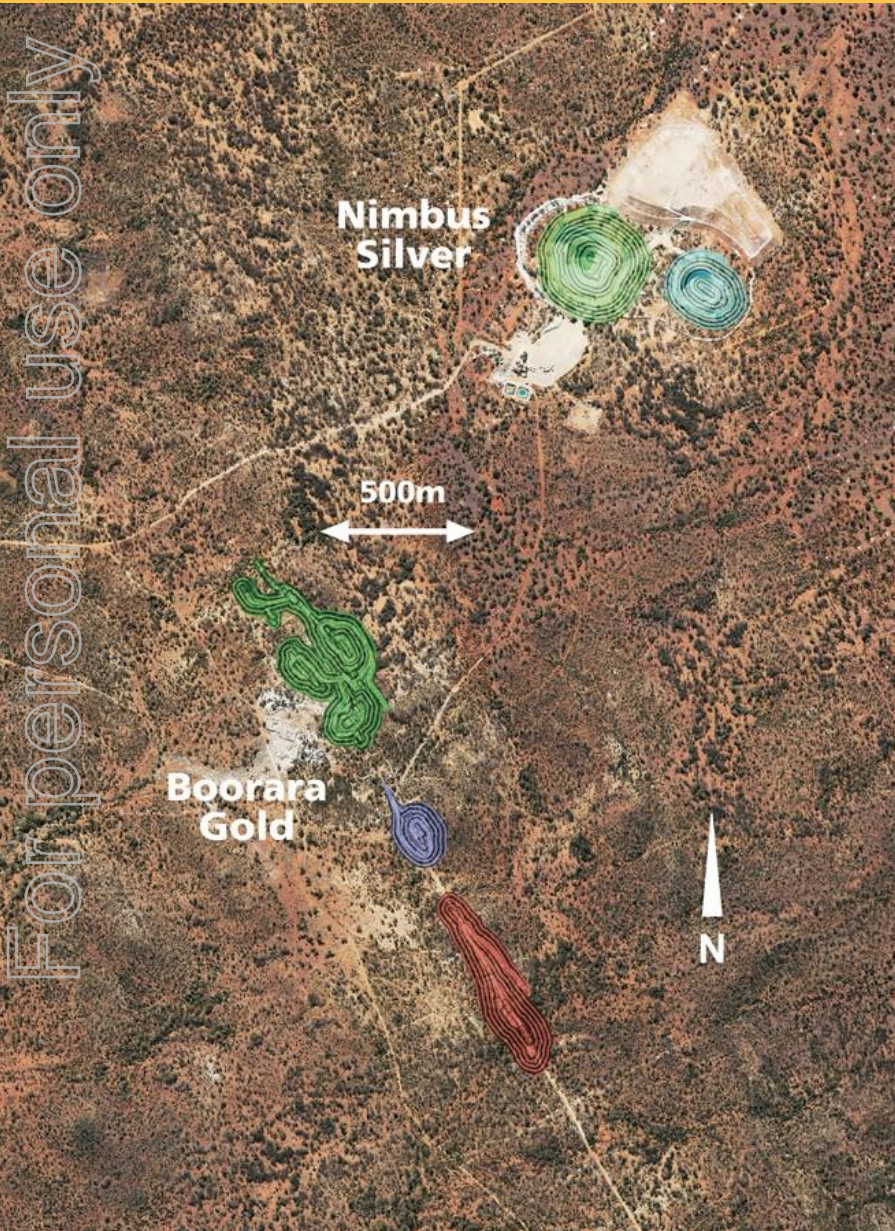
▶ Zinc Price has ranged up 15-20% in 2014

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- ▶ Zinc has compelling market fundamentals among the base metals
- ▶ Significant mine closures are expected to result in a deficit in excess of 1 mt in 2017
- ▶ China is a growing net importer since 2008

Source: CRU

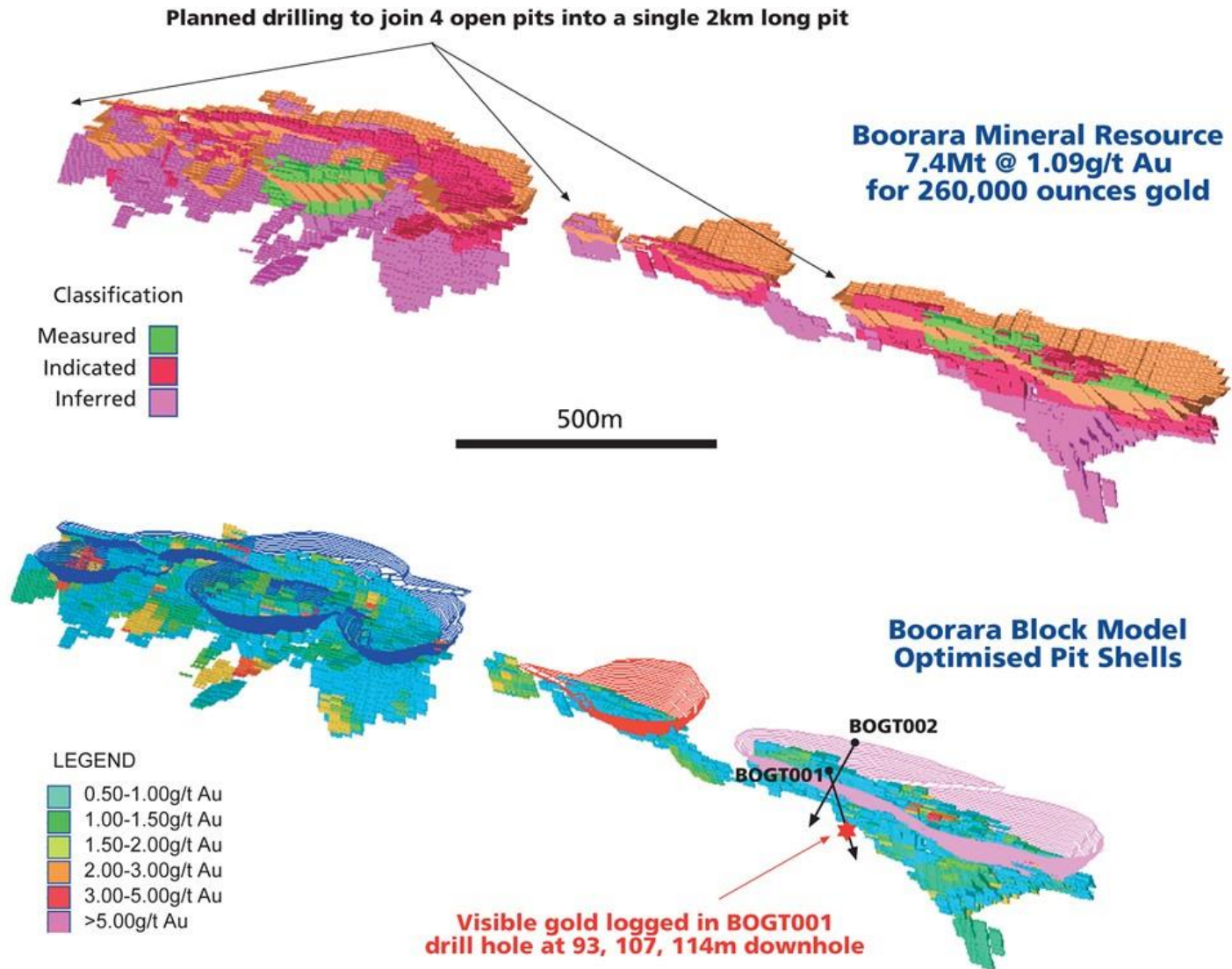


## Single Fleet

- ▶ 2 Nimbus Pits start with East Pit (blue) moving to underground after 8 months
- ▶ West Pit (green) moves underground after 20 months
- ▶ As Nimbus mining fleet becomes available mining commences at Boorara (< 2km away) and runs in parallel with Nimbus
- ▶ Coolgardie gold ore will be fed into the Nimbus mill schedule later in the mine schedule

# Boorara Resource, Block Model & Mine Design

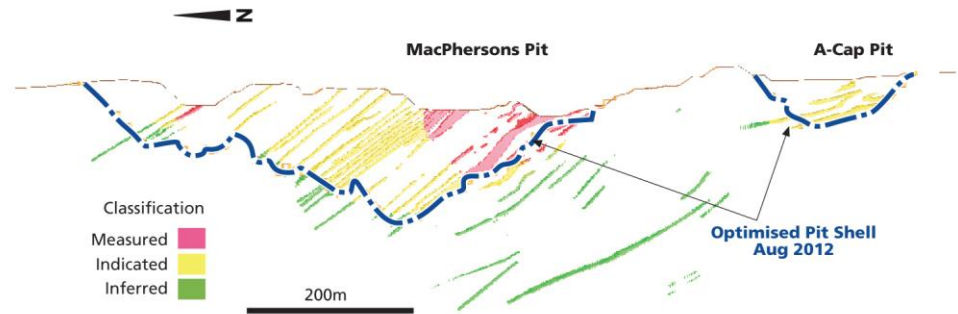
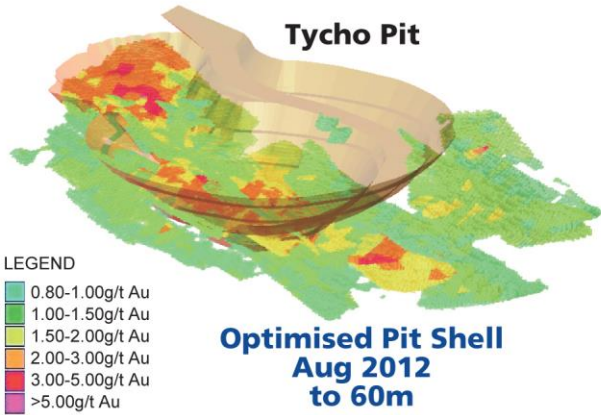
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# Coolgardie Resource, Block Model & Mine Design



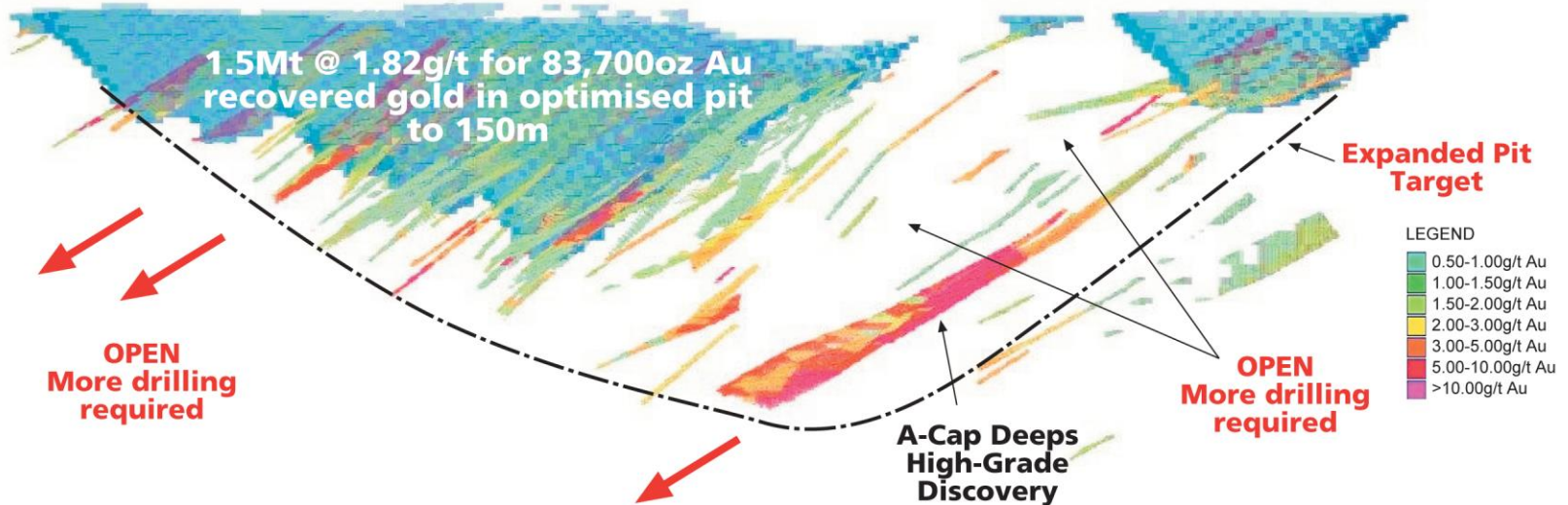
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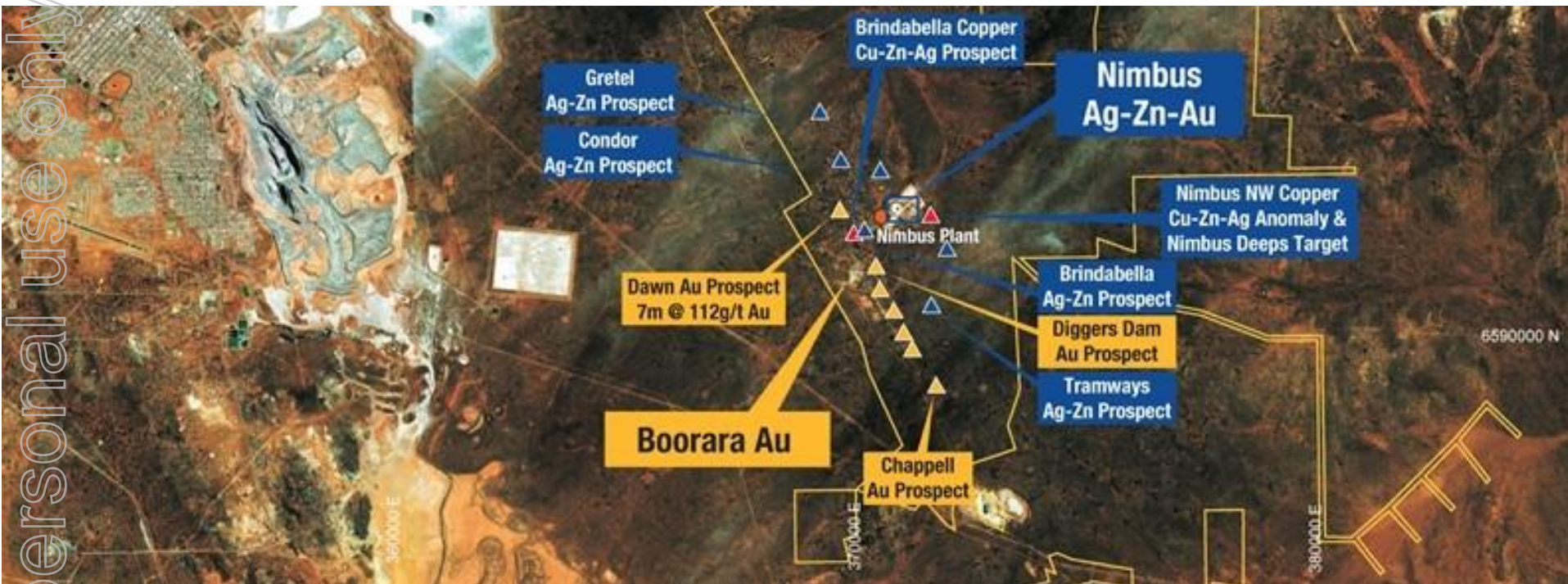
## Blue - Optimised Pit Shell Aug 2012

## MacPhersons Pit

## A-Cap Pit







- ▶ Copper potential : analogies with the geology of nearby VMS mines support the high likelihood of copper-zinc-silver-gold feeder lenses being identified nearby
- ▶ Nickel potential: both the Coolgardie and Golden Ridge tenements are at the northern extension of the Kambalda Nickel Dome and have known nickel occurrences where helicopter EM has detected 3 EM conductors – drilling of these will be undertaken in future exploration

## Historical silver doré bars produced at Nimbus

Experienced operational mine managers

Grade is king (297g/t Ag-Eq)

Moving to Production

Polymetallic

Silver – Gold – Zinc

Copper – Nickel

ASX Code: MRP



# Competent Person Statement



The information in this presentation that relates to mineral resources and exploration results is based on information compiled by Mr Morrie Goodz, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Morrie Goodz is a full time officer 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 Goodz has given his consent to the inclusion in this presentation of the matters based on the information in the form and context in which it appears.

- ▶ Table 1 Sections 1 and 2 as per JORC Code 2012 for Reporting of Exploration Results is included in the ASX Announcement dated 17<sup>th</sup> February 2014 on the MacPhersons Resources Limited website.
- ▶ Table 1 Sections 1 thru 4 as per JORC Code 2012 for Reporting of Ore Reserves and Mineral Resources is included in the ASX Announcement dated 3<sup>rd</sup> December 2013 on the MacPhersons Resources Limited website.

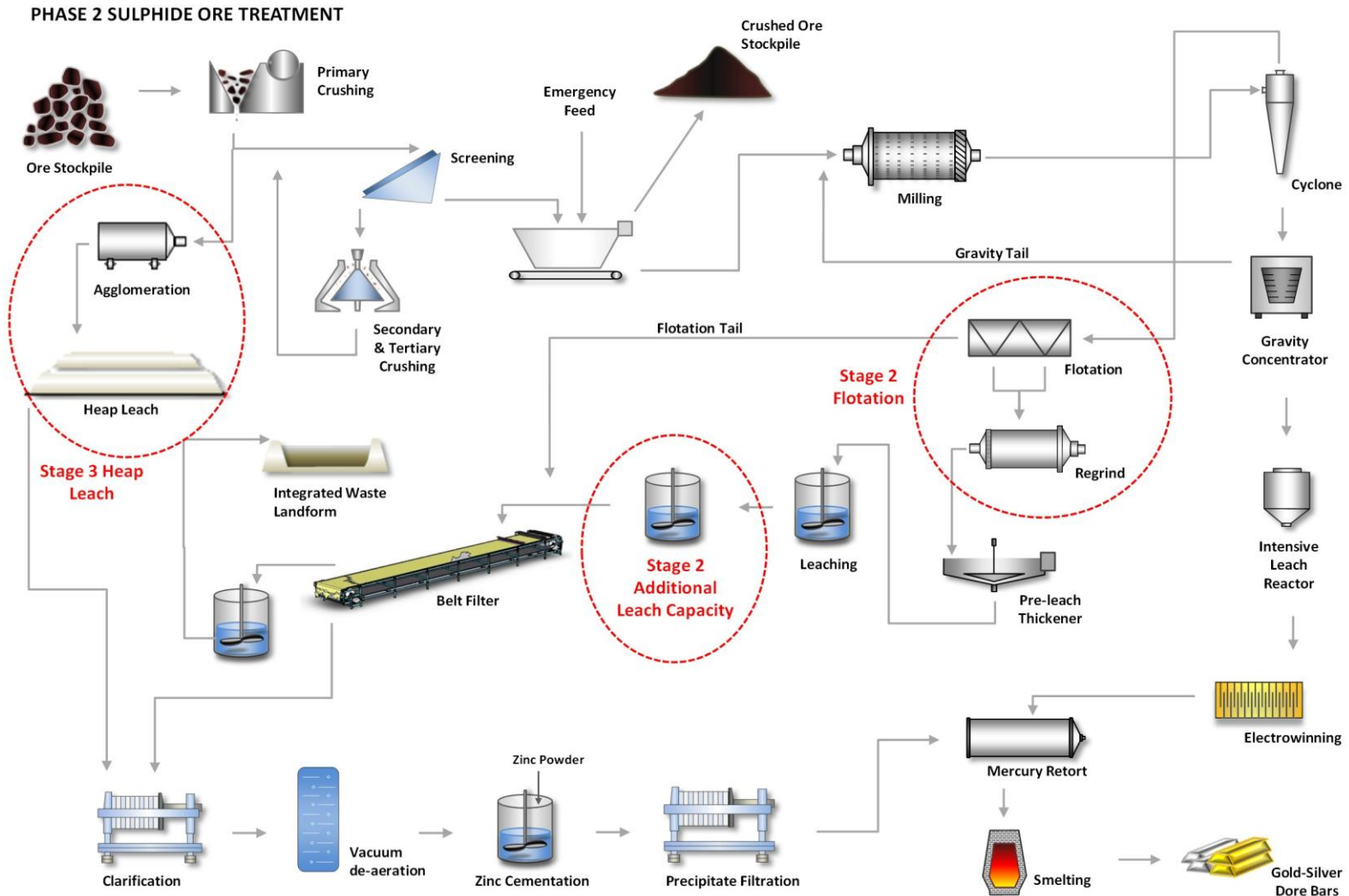
## Further Information

- ▶ For further information on MacPhersons and its projects or to subscribe for regular updates, please visit our website at [www.mrpresources.com.au](http://www.mrpresources.com.au) or contact our Kalgoorlie office.
- ▶ MacPhersons Resources Managing Director, Morrie Goodz, is available for comment and can be contacted on +61 429 834 912

# Indicative Processing Flowsheet

## Conventional processing route

Crushing, grinding, gravimetric separation, leaching and flotation



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# Nimbus Mineral Resource & Ore Reserve



Zone	Category	Tonnes Mt	Ag Grade g/t	Au Grade g/t	Zn Grade %	Hg Grade g/t	Ag Eq. g/t	Ag Metal Moz	Au Metal koz	Zn metal kt	Hg metal t	Ag Eq. metal Moz
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## Mineral Resource as at 25<sup>th</sup> July 2013

Silver Zone	Measured	1.041	112	0.11	2.32	224	219	3.7	3.8	24	233	7.3
	Indicated	2.502	103	0.17	1.54	70	168	8.3	13.8	38	175	13.6
	Sub-total	3.543	105	0.15	1.77	115	183	12.0	17.5	63	408	20.9
Gold Zone	Inferred	1.333	10	0.67	0.16	17	59	0.4	28.5	2	23	2.6
	<b>Total</b>	<b>4.876</b>	<b>79</b>	<b>0.29</b>	<b>1.33</b>	<b>88</b>	<b>149</b>	<b>12.4</b>	<b>46.0</b>	<b>65</b>	<b>431</b>	<b>23.4</b>

## Ore Reserve as at 5<sup>th</sup> August 2013

	Proved	0.705	167	0.13	1.96	70	242	3.8	2.9	14	49	5.5
	Probable	0.420	263	0.07	4.13	57	396	3.6	1.0	17	24	5.3
	<b>Total</b>	<b>1.126</b>	<b>203</b>	<b>0.09</b>	<b>2.77</b>	<b>65</b>	<b>297</b>	<b>7.3</b>	<b>3.9</b>	<b>31</b>	<b>73</b>	<b>10.8</b>

Reported according to the 2012 JORC Code (mineral resource and ore reserve restated on the 3<sup>rd</sup> December 2013).

Mineral resource reported using Ag ≥ 25 g/t or Au ≥ 0.5 g/t or Zn ≥ 1.0%

Ore reserve estimated using a gold price of A\$1,353/oz, a silver price of A\$21.60/oz and a zinc price of A\$1,996/t

# Silver equivalent (Ag-Eq) Parameters



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**Note\*** - Silver equivalent (Ag-Eq) is calculated using metal credits only in blocks carrying economic grades of silver and/or zinc and/or gold. The formula is:

$$\text{Ag-Eq} = \text{Ag} + (\text{Zn} \times 28.852) + (\text{Au} \times 62.626) + (\text{Hg} \times 0.15)$$

The model is based on prices set as of 01<sup>st</sup> July 2013 (both spot market prices and price ratios have been consistently higher since July 2013, thereby providing a conservative buffer to these calculations).

**Note\*:** For Ore Reserves the reported grade is Ag-Eq recovered grade, meaning that reporting has taken into consideration mining dilution, mining losses, mining recoveries and pillar allocation, metallurgical recoveries, refining and smelting losses and charges, marketing costs, and royalties.

In the Company's opinion, all metals included in the equivalent calculation have reasonable potential to be recovered and sold.

Full details of the Nimbus reserve and resource calculations including parameters for silver equivalent calculations as per JORC Code (2012) are contained in the Company's announcement dated 3 December 2013.

Category	Oxidation	Tonnes	Au (g/t)	Au (oz)
Measured	oxide	640,000	1.13	23,000
	transitional	390,000	1.07	14,000
	fresh	90,000	1.02	3,000
	sub total	1,120,000	1.10	40,000
Indicated	oxide	1,030,000	1.06	35,000
	transitional	1,140,000	1.08	40,000
	fresh	1,450,000	1.07	50,000
	sub total	3,630,000	1.07	125,000
Inferred	oxide	170,000	1.39	7,000
	transitional	310,000	1.14	11,000
	fresh	2,150,000	1.10	76,000
	sub total	2,620,000	1.13	95,000
<b>Grand total</b>		<b>7,370,000</b>	<b>1.09</b>	<b>260,000</b>

As at 12<sup>th</sup> July 2013. Mineral resource reported at a cut-off of 0.5 g/t Au.

The Boorara Mineral Resource Estimate and Ore Reserve Statement is under review.

There is currently a drilling program in progress and an update of these inventories will be made in late 2014.

Category	Tonnes Mt	Grade Au (g/t)	Ounces Au
Proved	1.128	0.98	35,500
Probable	2.175	1.01	70,600
<b>TOTAL</b>	<b>3.303</b>	<b>0.99</b>	<b>106,100</b>

As at 07<sup>th</sup> August 2013. Mineral resource reported at a cut-off of 0.5 g/t Au. Heap leach recoveries at 80/75/70. The Boorara Mineral Resource Estimate and Ore Reserve Statement is under review. There is currently a drilling program in progress and an update of these inventories will be made in late 2014.



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Category	Tonnes	Au g/t	Ounces
Measured	690,000	1.36	30,200
Indicated	1,816,000	1.61	94,000
Inferred	1,304,000	1.8	75,500
Total	3,810,000	1.64	199,700

As at 06<sup>th</sup> August 2012. In accordance with Paragraph 15 of the JORC 2012 Code, we have reviewed this MRE and find no material change to report.

Mineral resource reported at a cut-off of 0.5 g/t Au

Differences may occur due to rounding.

# Key Risks



There are a number of risks, both specific to the Company and of a general nature, which may, either individually or in combination, affect the future operational and financial performance of the Company and the mining industry in which it operates, and the value of the Company shares. The Company has implemented appropriate strategies, actions, systems and safeguards for known risks; however, some are outside its control. The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this offer.

*The Specific Risks include, but are not limited to, the following:*

## **Gold & Silver Price Fluctuation**

MacPhersons' future profitability depends upon the world market price of gold and silver. If the market price for gold or silver falls below Macphersons' future production costs and remain at such levels for any sustained period of time, it may not be economically feasible to commence production. Future production, if any, from Macphersons' mineral properties will be dependent upon the price of gold being adequate to make these properties economic.

## **Mineral Resource and Ore Reserve Estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. By their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Mineral Resources are not Ore Reserves, they do not have demonstrated economic viability and there is no certainty that they can be upgraded to Ore Reserves. Mineral Resource and Ore Reserve estimates maybe adversely affected by a number of factors, including unanticipated or challenging mining conditions and Operational risks listed below.

## **Title, Tenure, Access and approvals**

The Company's tenements/holdings are subject to periodic renewal. Although all reported Mineral Resource Estimates and Ore Reserve Statements are for material contained within granted mining leases, the tenements only permit specific activities, and there is no guarantee that future exploration or mining will be permitted. Each tenement is periodically renewed based on the company meeting certain conditions and minimum expenditures. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company. Additionally, interests held by the Company are subject to the need for ongoing or new government approvals, licences and permits. These requirements, including work permits and environmental approvals, will change as the Company's operations change. Delays in obtaining, or the inability to obtain, required authorisations may significantly impact on the Company's operations.

## **Exploration and development risks**

The business of mining and exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Macphersons' ability to commence production of gold in the future will be dependent in significant part on:

- The success of its exploration program and its ability to expand its resources and reserves; and
- The economic returns and the costs of developing its projects.

# Key Risks



## Operational Risks

Drilling, mining and development activities carry risk and as such, activities may be curtailed, delayed or cancelled as a result of a number of factors outside Macphersons' control. These include but are not limited to geological conditions, technical difficulties, securing and maintaining tenements and weather and other unforeseen events. There is a risk that future operating costs may be higher than projected for future projects.

## Regulatory Risk

The Company's exploration and any future development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements.

*The General Risks include, but are not limited to, the following:*

### Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

### Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

# Key Risks



## Insurance Risk

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

## Litigation and disputes

The Company, like many companies in the mining industry, are subject to legal claims in the ordinary course of their corporate and operational activities, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have an adverse effect on the Company's future cash flow, results of operations or financial condition.

## General Risks associated with mining

When compared with many industrial and commercial operations, mining and mineral processing projects are relatively high risk. This is particularly so where new technologies are employed. Each orebody is unique. The nature of mineralisation, the occurrence and grade of the ore, as well as its behaviour during mining and processing can never be wholly predicted. Estimations of the tonnes, grade and overall mineral content of a deposit are not precise calculations but are based on interpretation and samples from drilling, which, even at close drill hole spacing, represent a very small sample of the entire orebody.

## Native Title and Aboriginal Heritage

The Native Title Act 1993 (Cth) recognises certain rights of indigenous Australians over land where those rights have not been extinguished. Interests in tenements in Australia are also governed by respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will be in the future acquire such an interest; there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

The Company's current exploration activities are subject to industry standard Heritage Agreements and the extent and timing of exploration programs is subject to compliance with these agreements.

The Directors closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

## Cost Estimates

No assurances can be given that the Company will achieve its cost targets. The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning, operating and maintaining plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, and plant and equipment.

# Key Risks



## **Laws, government relations and policy**

The Company and its mining operations are subject to a wide range of laws and government regulations and policies applying in Australia, with respect to matters such as land use, employee health and safety, rehabilitation of mining properties, environmental damage and pollution and payments to government officials. There have been, are, and may in the future be, enquiries or investigations in relation to possible breaches of relevant legal and/or government regulatory/policy requirements in connection with the Company's activities.

Any failure by the Company, its Directors, agents or contractors to comply with the relevant legal and regulatory/policy requirements as they apply now or in the future could result in civil and/or criminal action against the Company and/or its Directors which could result in fines, sanctions, penalties, other pecuniary loss or the loss of, or failure to obtain, licences or permits necessary to conduct or expand the Company's operations or other adverse consequences including damage to reputation (which could also occur if any offending conduct is alleged even if not proved), and this could have a material adverse effect on the Company's operational or financial performance or position.

## **Financing considerations**

Macphersons' continued ability to operate its business and effectively implement its business plan over time will depend in part on its ability to raise additional funds for future operations and to repay or refinance debts as they fall due. Existing funds may not be sufficient for expenditure that might be required for acquisitions, new or existing projects, further exploration and feasibility studies. Additional equity or debt funding may not be available to Macphersons on favourable terms or at all. If adequate funds are not available in the future on acceptable terms, Macphersons may not be able to continue its business or particular developments, take advantage of opportunities, develop new ideas or respond to competitive pressures.

## **Environmental Risks**

The Company's exploration and operational programs will, in general, be subject to approval by governmental authorities. Development of any of the Company's properties will be dependent on the project meeting environmental guidelines and, where required, being approved by governmental authorities. As with most mineral exploration and development projects, the Company's activities are expected to have an impact on the surrounding environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligations required, including compliance with the relevant environmental laws.

## **Reliance on Key Personnel and need to Attract Qualified Staff**

The Company is dependent on its management and technical personnel, the loss of whose services could materially and adversely affect the Company and impede the achievements of its business objectives.

There can be no assurance that the Company will be able to attract or retain sufficiently qualified personnel on a timely basis or retain its key management personnel.

## ***Investment Speculative***

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered as part of the Offer.

The Offer of New Shares carries no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for new shares offered under the Offer.

## Participation

The Placement is being made to sophisticated and professional investors and will use the ASX BookBuild facility. Parties interested in participating in the Placement should contact their broker or adviser. The Company reserves the right to alter the terms of the Placement.

### Participation Representations and Warranties

By applying for Shares under the Placement, each applicant will be deemed to represent, warrant and agree for the benefit of MacPhersons Resources Limited, and its directors, officers, employees, or agents (affiliates) that:

- a) If you are in Australia, you are a sophisticated investor within the meaning of section 708(8) or a professional investor within the meaning of section 708(11) of the Corporations Act 2001 (Cth) (Corporations Act) and that the shares offered to you on the basis that you are, and represent that you are a person to whom a disclosure document is not required to be given under chapter 6D of the Corporations Act.
- b) If you are in New Zealand, you are a person whose principal business is the investment of money or who, in the course of and for the purposes of your business, habitually invests money, under section 3(2)(a)(ii) of the New Zealand Securities Act 1978.
- c) If you are outside Australia and New Zealand, you are a person to whom an invitation or offer to subscribe for Shares is permitted by the laws of the jurisdiction in which you are situated or from where you submitted your bid to subscribe for Shares and you are a person to whom the Shares may lawfully be offered and issued in compliance with applicable laws.
- d) You are not a U.S. Person as defined in Rule 902(k) Regulation S of the United States Securities Act of 1933, as amended (Securities Act).
- e) The offer and sale to you of the Shares has not been and will not be registered under the Securities Act or the laws of any state or other jurisdiction in the United States. Therefore, you acknowledge that you may not offer, sell, pledge, transfer or otherwise dispose of any Shares in the United States unless and until the Shares are registered under the Securities Act (which you acknowledge MacPhersons Resources Limited has no obligation to do) or offered, sold, pledged, transferred or otherwise disposed of in a transaction exempt from, or not subject to, the registration requirements of the Securities Act or the laws of any state or other jurisdiction in the United States.
- f) You are not a Related Party (as defined in section 228 of the Corporations Act or treated as such for the purposes of ASX Listing Rule 10.11) of MacPhersons Resources Limited, except as notified to and agreed by MacPhersons Resources Limited.
- g) If you are acquiring any Shares for or on account of one or more persons, you have full power to make the foregoing acknowledgments, representations, warranties and agreements on behalf of each such person.
- h) MacPhersons Resources Limited and its respective affiliates are entitled to, and will, rely upon the truth and accuracy of these, representations, warranties and agreements.

In addition by applying for Shares under the Placement, each applicant will be deemed to indemnify MacPhersons Resources Limited and its respective affiliates against any loss, damage or costs incurred and arising out of or in relation to any breach by the applicant of any of the above representations, warranties and agreements.