



MACPHERSONS

MACPHERSONS RESOURCES LIMITED

ABN 98 139 357 967

**Interim Financial Report
31 December 2016**

Contents

Directors' Report	1
Auditor's Independence Declaration	14
Condensed Statement of Comprehensive Income	15
Condensed Statement of Financial Position	16
Condensed Statement of Changes in Equity	17
Condensed Statement of Cash Flows	18
Notes to the Condensed Financial Statements	19
Directors' Declaration	24
Independent Auditor's Review Report	25

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 2016. 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

Our focus

- Use our available capital resources to fully explore the 100% owned Boorara gold project and, to a lesser extent, continue to identify metallurgical processes to treat the high-grade zinc/silver ores of the 100% owned Nimbus silver project.
- Continue an intensive drill program at Boorara using Reverse Circulation (RC) and Diamond drilling techniques to explore the project on strike and at depth.
- We will test the Boorara geological model which has been compared to the Mt Charlotte underground operation within the Kalgoorlie Super Pit some 10 kilometres (km) due west of Boorara.
- Continue to identify deeper gold mineralisation at Boorara below a vertical depth of 100 metres and may extend to 250 metres.
- In conjunction with the Boorara drill program we intend to start geotechnical holes and additional metallurgical test work for gold recovery.
- Nimbus is a potential high grade silver underground operation and requires further metallurgical test work.
- Exploration needed on some 20 km of 100% owned tenements surrounding Boorara and Nimbus projects.
- Continue to assess the availability of other processing gold mills in the region.

Our achievements

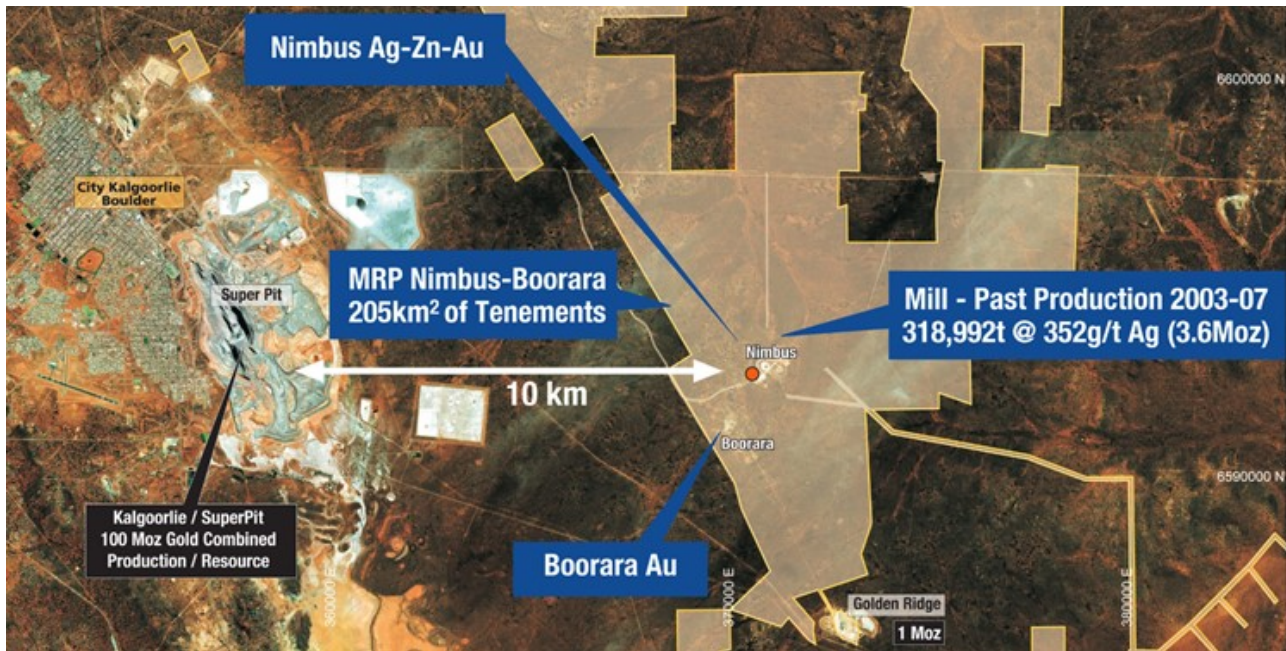
- An RC and diamond drill program at Boorara started in December 2016 and we have reported some outstanding gold intersections including 163 metres grading 1.94 g/t (top cut grade of 24 g/t).
- The successful trial open pit mining at the Southern deposit has provided invaluable geological data for the understanding of the Boorara gold project.
- At Boorara, a series of different mine cut-off grades varying from 0.3 to 0.7 g/t to devise new mineral gold resources have been assessed and we reported a robust 232,000-ounce gold resource at a 0.4 g/t cut-off.
- The sale of the company's 100% owned Coolgardie assets has allowed the company to focus attention on the Boorara and Nimbus projects, and surrounding tenements.
- Announced a new high grade silver deposit at Nimbus of 255,000 tonnes grading 773 grams per tonne (g/t) in mid 2016.
- Metallurgical test work on the Nimbus high grade silver RC chips at Core Resources laboratory in Brisbane resulted in 83% silver recovery but still needs more metallurgical testing.

Boorara Gold Project

Background

Boorara Gold Project is located about one (1) kilometre (km) south-west of MacPherson Resource's (MacPherson's) 100 per cent-owned Nimbus Project, which is in turn located 10km east of the Kalgoorlie Super Pit gold mine.

Figure 1: Location of the Nimbus-Boorara projects area, 10km east of the Kalgoorlie Super Pit, showing the Nimbus Mill site and the Boorara gold project within 1km of the Nimbus mine.



The initial mine design work on a series of open pit designs identified a resource of 3.0 to 3.5 million tonnes grading approximately 1 g/t based on a 0.3 g/t cut-off (Full details are contained in the Company's ASX Announcement dated 16 November 2015). The mineral resource is sourced from three pits known as Northern, Crown Jewel and Southern pits. Recent drilling at the Boorara project has identified additional mineralisation adjacent to the pits and a new resource has been estimated of 5.95 million tonnes grading 1.2 g/t for 232,000 ounces of gold based on a cut off of 0.4 g/t gold and a top cut of 24 g/t gold. Full details of the resource estimate are contained in the Company's announcement dated 25 January 2017.

The Boorara Gold Project has been drilled to about 95 metres below the natural surface with little or no drilling beyond this level.

The Northern zone is the largest pit and designed to 76 metres depth, Crown Jewel is designed to 54 metres and Southern to around 65 metres. The softer oxide material extends to approximately 40-50 metres below the natural surface, the transition zone to around 70 metres and fresh hard rock below this point.

Standout drill results

Drill result of 163 metres at 1.94g/t Gold (24 g/t top-cut)

163 metres at 4.29g/t Gold (uncut)

Diamond drill hole BODH 025 at the Southern stock work deposit was drilled at 115°, perpendicular to high grade quartz vein arrays and intersected 163 metres grading 1.94 grams per tonne (g/t) cut grade (See Figure 2). The two high grade intervals below have increased the overall grade of this intersection.

- 143 -144m 1 m @ 37.4 g/t gold
- 171-172m 1 m @ 394 g/t gold

Diamond core from BODH 025 had visible gold in NW dipping quartz veins at 83.5m, 136.7m, 144.23m and 171.39m.

This hole is the deepest MacPhersons has drilled at the Boorara southern stock work deposit and was planned to be drilled perpendicular to NW dipping quartz vein arrays within the Boorara dolerite that are associated with gold mineralisation in the Boorara trial pit. This mineralised zone was extended to a vertical depth of 165 metres and is located 250 metres south west of the Boorara trial pit that recently produced 30,000t of ore grading 1.73 g/t.

In this program, two additional diamond holes were drilled at the Northern stock work deposit to target Western Contact mineralisation and confirm stratigraphy in that area, the first hole BODH 024 intercepted mineralisation including 1 metre grading 5.79 g/t.

BODH 024 Western Contact significant composite intervals (>0.3g/t Au):

- 63-64m 1m @ 2.61 g/t
- 72-80m 6m @ 1.14 g/t
- 86-89m 3m @ 1.52 g/t

Quartz veins in diamond hole BODH 025 were measured using a core orientation device that confirmed the dominant quartz vein geometry was shallow NW dipping like those seen in the Boorara trial pit (see figure 3). The 25 ounces of coarse gold recovered from a NW dipping quartz in the Boorara trial pit clearly validates the potential of high grade quartz veins intersected in BODH 025 to upgrade the Boorara deposit. Full details of the results of BODH 025 are contained in the Company's ASX announcement dated 14 February 2017.

The drill program again demonstrated that Boorara gold mineralisation is hosted by quartz-dolerite in moderately NW-dipping quartz-carbonate-sulphide veinlet arrays with iron-carbonate alteration halos controlled by bounding shear zones and late cross faults similar to the 6 million ounce Mount Charlotte gold deposit part of the nearby Kalgoorlie Golden Mile.

Western Mining Corporation Ltd recognised the importance of drilling perpendicular to the NW dipping quartz veins at Mt Charlotte and the resulting increase in gold grade, this same strategy has been adopted by MacPhersons at Boorara.

The company has embarked on a major drill program focused on the Southern stock work.

Figure 2: Plan View of BODH 025 relative to announced drill holes

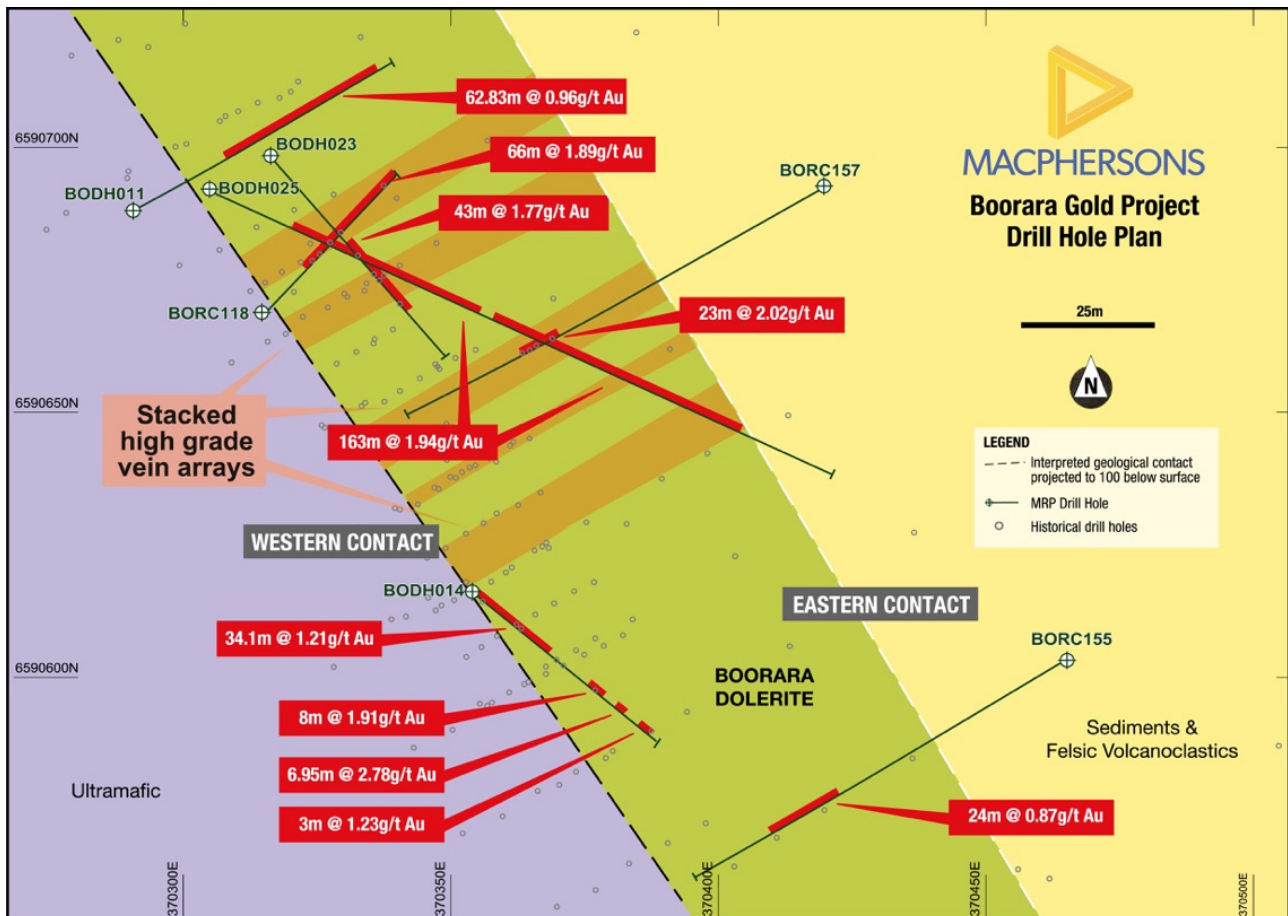
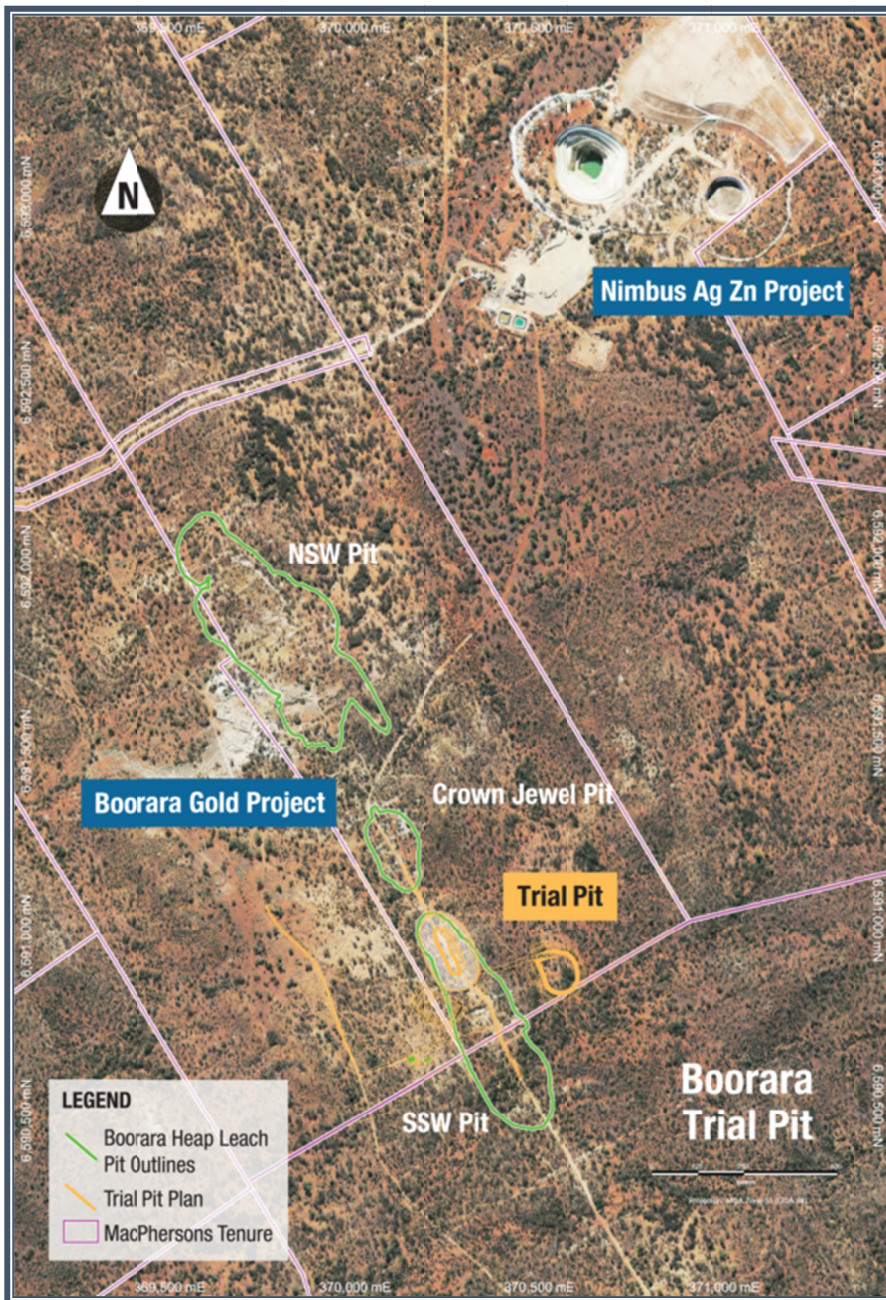


Figure 3 : Trial Pit



Figure 4: Boorara Stock work deposits



Trial Pit

The Boorara trial open pit to a depth of 20 metres was approved by your Board to further understand the digging and breaking characteristics of the ore and waste. We also gained a better understanding on grade reconciliation between the expected mined grade and actual ore grade extracted from the trial pit.

In June 2016, MacPhersons completed a RC blast hole drilling program on a four (4) by four (4) metre pattern on the Northern and Southern projects.

In the Northern pit, over a 60 metre (m) strike x 8m true width x 20m deep, the potential trial pit contained 19,200 tonnes grading 1.41 g/t. In the Southern pit, we identified over 100 metres strike near 30,000 tonnes grading some 2 g/t gold to a depth of 20 metres. It was decided to complete a trial pit in the Southern lode based on the higher grade (see Figure 4 for plan view of the three stock work deposits). The better RC intersections in the Southern pit were;

- BGC10060 2 - 18 m 16m @ 2.77 g/t
- BGC10073 0 - 17 m 17m @ 2.05 g/t
- BGC10089 0 - 20 m 20m @ 1.89 g/t

The Boorara trial pit is important step in bringing the Boorara gold project into full scale production which gives the board confidence in this project moving forward. The trial mining operation was a success with predicted tonnes and ounces from the vertical RC grade control drilling reconciling closely with actual mill head grade.

Head grade at the CIP mill was calculated at 1.73 g/t for 30,239 dry tonnes for total contained ounces of 1,682. Actual gold produced for the campaign was 1,550 ounces reflecting a mill recovery of 90.6 %.

A total of 25 ounces of gold nuggets and gold specimens were recovered from trial pit that were found in a quartz vein in the western pit wall.

Milling rates and recoveries were lower than expected for oxide ore, because of the high clay content resulting in viscosity issues in the leach and absorption circuits. Any potential future CIP milling of Boorara oxide ore will involve the use of appropriate viscosity modifiers.

Ore blocks were up to 15 metres in width and the pit was mined on 2.5 metre-high benches. The trial pit has clearly demonstrated that the Southern Stock work deposit style of gold mineralisation at Boorara will lend itself to mining with larger mining fleet (120t class excavator, 100 tonne trucks) with minimal mining dilution issues.

The ore body consisted of quartz rich granophyric dolerite with stacked sheeted quartz veins which in areas graded into quartz stock works as the quartz vein geometry changed and intensity increased. Typically, the high grade ore blocks could be identified by the goethite and haematite staining of the dolerite giving the ore zone a distinctive light chocolate yellow brown colour.

A structural study was completed at Boorara in December and involved mapping the larger Boorara project and trial pit area. The study has assisted our team to better understand the structural architecture that is controlling gold mineralisation at Boorara.

Figure 5: Boorara trial pit



Figure 6: Boorara trial pit



Mineral Resource Estimate (MRE) of 232,000 ounces

Introduction

MacPhersons Resources announced the 0.4 g/t MRE that has recently been completed at the Boorara Gold Project, 15km east of Kalgoorlie. The objective of this new MRE for Boorara was to establish a solid resource base from which to undertake further mining studies on.

The Western Contact mineralisation is a new exploration discovery and has potential to grow the existing Boorara resource. Further reverse circulation drilling and diamond drilling is being undertaken along the Western contact.

Mineral Resource Estimate

The MRE has been estimated at a 0.4 g/t lower for the Boorara Gold deposit as follows:

Table 1: Boorara mineral resource

	Tonnes	Grade	Ounces
	MT	g/t	(k'000)
Measured Resource	1.74	1.10	62
Indicated Resource	2.91	1.20	117
Inferred Resource	1.3	1.30	52
Total Resource	5.95	1.20	232

For full details of the MRE see the Company's ASX announcement dated 25 January 2017.

The MRE will be subject to further infill and extensional drilling over the coming quarters with a view to updating it to be used as the basis for a future ore reserve.

Sale of Coolgardie Gold Assets

On 7 December 2016, the Company announced that it had successfully completed the sale of its 100% owned Coolgardie gold assets to Primary Gold Limited (“Primary”) for \$10m.

The Agreement will be satisfied by A\$5m in cash, to be paid in instalments over a 12-month period and A\$5m comprised of 40 million Primary ordinary shares with an issue price of 12.5 cents per share. The Primary ordinary shares will be subject to escrow periods as detailed below over 12 months from Completion.

The consideration will be paid to MacPhersons as set out below.

Cash Consideration

1. A\$2.0m in cash has been received;
2. June 2017, Primary pay A\$1.5m to MacPhersons;
3. December 2017, Primary pay the final cash payment of A\$1.5m to MacPhersons;

Share Consideration

The issue of Primary Shares to MacPhersons are as follows:

1. The 40 million shares have been issued to MacPhersons (or nominee).
2. The Shares will be escrowed in three equal tranches over the 12 months from Completion:
 - a. One third of the Primary ordinary shares or 13,333,333 will be escrowed until June 2017;
 - b. The second tranche of Primary shares of 13,333,333 will be escrowed until September 2017, and
 - c. The final tranche of 13,333,334 Primary shares will be escrowed until December 2017.

NIMBUS SILVER PROJECT

Nimbus Resource Update

A new high grade silver-zinc resource was estimated from within the global Nimbus resource of 12.1 million tonnes at 52 g/t silver, 0.9% zinc, 0.2 g/t gold containing 20.2 million ounces of silver, 78,000 ounces of gold and 104,000 tonnes of zinc.

The high grade silver zinc resource for the Nimbus project of 255,898 tonnes @ 773 g/t Ag and 13% Zn has been estimated using a higher modelling cut-off grade of 500 g/t Ag and a top cut grade was applied.

The high grade resource inventory includes lodes 3, 4, 5 and 7 from the high grade silver zinc resource which total 132,075 tonnes @ 968 g/t Ag and 19.36 % Zn.

The recently increased geological understanding of Nimbus deposit provides MRP with a high level of confidence in the new high grade silver zinc resource.

This resource model enables MRP an opportunity to evaluate options of a high grade underground mining scenario for the Nimbus deposit. (Please refer to *ASX Announcement 10 May 2016 New High Grade Nimbus Silver Core Averaging 968 g/t Ag*).

Table 2: Nimbus High Grade Silver Lodes 3, 4, 5, 7

Resource Category	Lode	Volume	Tonnes	Ag (ppm)	Zn (%)	Ag (Oz)	Ag (t)
Indicated	4	27,010	79,409	921.36	19.17	2,352,284	15,220
Sub Total Indicated		27,010	79,409	921.36	19.17	2,352,284	15,220
Inferred	3	2,840	8,350	893.50	23.35	239,868	1,949
	5	12,770	35,761	992.84	18.58	1,141,510	6,645
	7	2,910	8,555	1377.17	20.46	378,790	1,751
Sub Total Inferred		18,520	52,666	1039.52	19.64	1,760,167	10,345
Grand Total		45,530	132,075	968.48	19.36	4,112,452	25,565

Table 3: Nimbus High Grade Silver Zinc Resource

Resource Category	Lode	Volume	Tonnes	Ag (ppm)	Zn (%)	Ag (Oz)	Zn (t)
Indicated	1	15,430	45,235	670.27	8.96	974,799	4,055
	2	9,210	27,077	529.41	8.16	460,875	2,209
	4	27,010	79,409	921.36	19.17	2,352,284	15,220
	8	7,080	18,866	645.62	1.39	391,604	262
Sub Total Indicated		58,730	170,587	762.07	12.75	4,179,569	21,746
Inferred	3	2,840	8,350	893.5	23.35	239,868	1,949
	5	12,770	35,761	992.84	18.58	1,141,510	6,645
	6	10,790	28,559	332.66	0.93	305,446	267
	7	2,910	8,555	1377.17	20.46	378,790	1,751
	10	1,390	4,087	921.88	12.18	121,135	498
Sub Total Inferred		30,700	85,311	797.26	13.02	2,186,733	11,109
Grand Total		89,430	255,898	773.80	12.84	6,366,302	32,855

Figure 7: Plan view of the Nimbus high grade silver zinc lodes

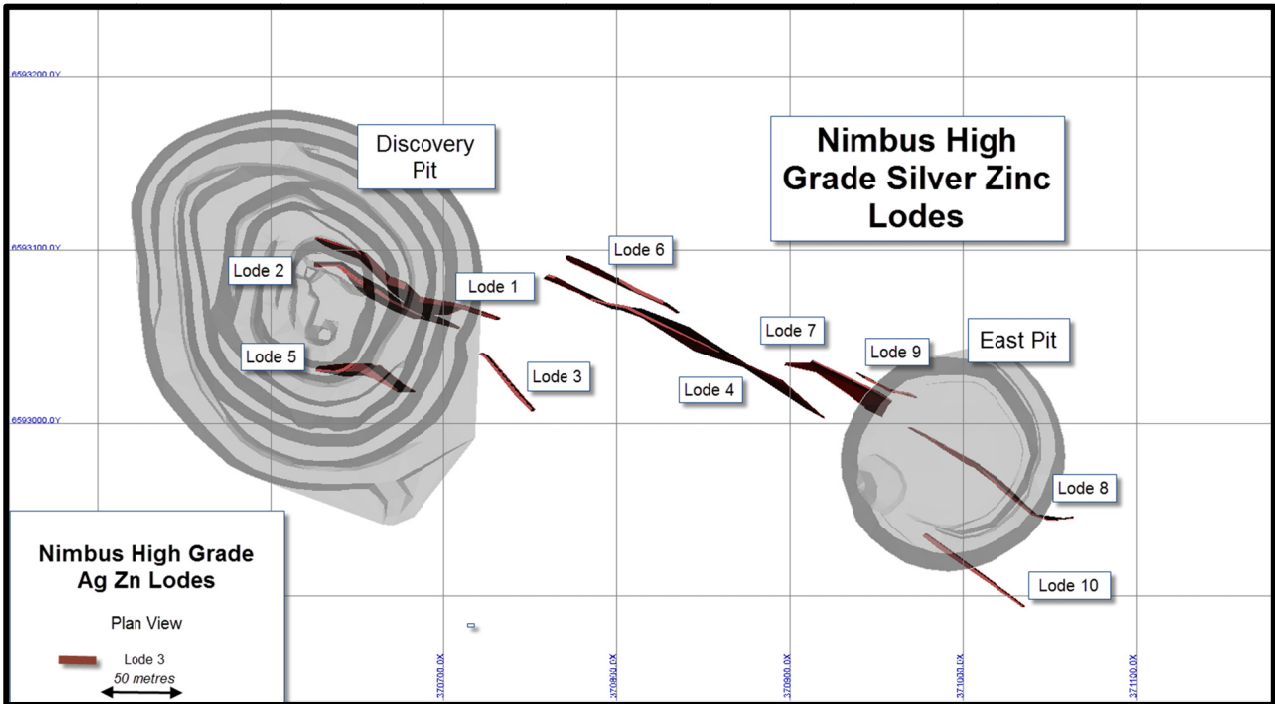
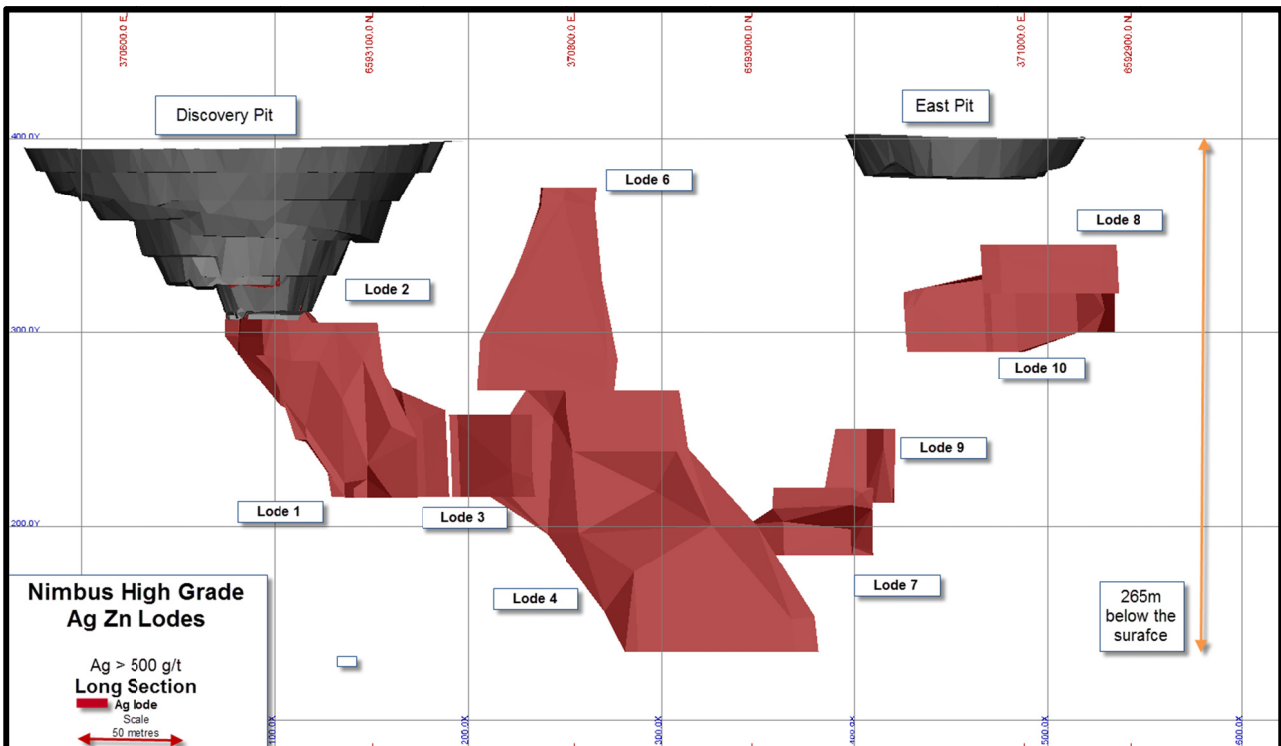


Figure 8: Long section of the Nimbus high grade silver zinc lodes



2016 Metallurgical test work

The recent Nimbus metallurgical test work focused on maximising the silver recovery whilst reducing the cyanide requirement of the silver leach to commercial levels and examining opportunity to increase the grind size.

On 7 June 2016, MacPherson's dispatched 37 kg of RC chips to Core Resources in Brisbane for test work to extract silver only. The material was collected from RC drilling within the underground zone known as Lode 4. The RC chips were not oxidized.

Core Resources conducted a desktop review and then a preliminary leach test work to determine the likely silver dissolution program using each technology. The proposed test work involved four leach tests, namely,

1. Acid Albion test;
2. Sodium-assisted neutral Albion test (ALKaL);
3. ITOS process now using oxidation leaching; and
4. Toowong process test.

In addition, a flotation test will be completed on the ALKaL solids product to determine if the zinc sulphides are amenable to flotation, allowing them to be separated from the silver – containing oxidized residue.

Final Report Summary

Acid Albion leach achieved 83% silver recovery.

Alkaline Albion leach achieved 42% silver recovery.

Poor silver recovery of 9% for ITO, and

Toowong process reported 75% silver recovery.

Next Stage of Test Work

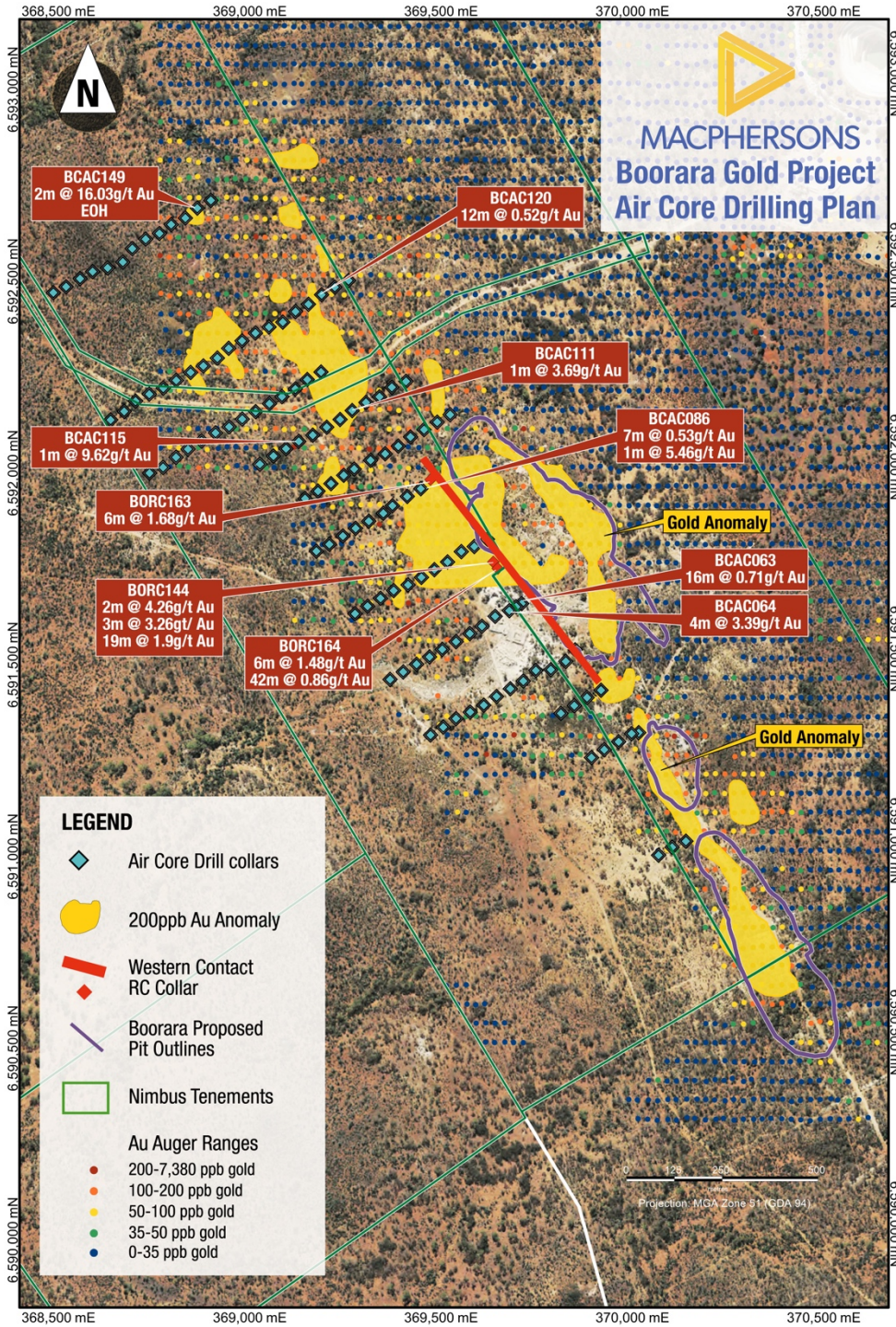
We will now test a further RC sample to evaluate whether the impurities can be removed from the zinc/silver concentrate or perhaps earlier in the processing flowsheet. We have sent an RC sample of about 20 kilograms to a test laboratory in Manila, Philippines.

Regional Exploration – Aircore Drilling

The recently completed first pass air core drilling program targeting significant gold auger geochemical anomalism (>200 ppb gold) to the north and on the western flank of Boorara has resulted in significant drill hole intercepts (figure 9). The drill program was a broad spaced program (140 metre line spacing by 40 metre hole spacing) with holes drilled to blade refusal.

Five drill holes ended in significant gold mineralisation including BCAC 149, intercepted 1m @ 18.45 g/t at end of hole (EOH) from 67-68 metres. For full details of the aircore drill results see the Company's ASX announcement dated 18 January 2017.

Figure 9: Boorara aircore drilling plan



Competent Persons Statement

The information in this report that relates to exploration results and geology is based on information compiled by Andrew Pumphrey who is a Member of the Australian Institute of Geoscientists. 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 14 and forms part of this directors' report for the half-year ended 31 December 2016.

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
16 March 2017

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 2016, 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
16 March 2017

N G Neill
Partner

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

		Consolidated	
		31 December 2016	31 December 2015
Notes		\$	\$
Continuing operations			
	Other income	34,869	58,097
	Employee benefits expense	(584,483)	(276,195)
	Depreciation and amortisation expense	(91,624)	(113,774)
	Exploration expenditure	(639,989)	(542,863)
	Loss on sale of fixed assets	(1,680)	(5,007)
	Administration costs	(220,765)	(378,882)
	Site office costs	(105,560)	(59,725)
	Share based payments	(183,306)	
	Fair value change on financial assets (listed shares)	(76,800)	-
	Loss on sale of assets held for sale	(1,992,646)	-
	Loss before income tax	(3,861,984)	(1,318,349)
	Income tax benefit (R&D refund)	708,046	3,268,000
	Net profit/(loss) for the period	(3,153,938)	1,949,651
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	(3,153,938)	1,949,651
	Basic and diluted earnings/(loss) per share (cents per share)	(0.99) cents	0.6 cents

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

		Consolidated	
		31 December 2016	30 June 2016
		\$	\$
Notes			
Assets			
Current Assets			
	Cash and cash equivalents	3,479,435	3,475,950
3	Trade and other receivables	4,227,317	230,796
		<u>7,706,752</u>	<u>3,706,746</u>
12	Assets classified as held for sale	-	9,540,000
	Total Current Assets	<u>7,706,752</u>	<u>13,246,746</u>
Non-Current Assets			
	Property, plant and equipment	5,544,166	5,618,387
4	Deferred exploration and evaluation expenditure	7,590,817	7,590,817
5	Other financial assets	2,688,000	-
	Total Non-Current Assets	<u>15,822,983</u>	<u>13,209,204</u>
	Total Assets	<u>23,529,735</u>	<u>26,455,950</u>
Liabilities			
Current Liabilities			
	Trade and other payables	416,028	384,497
	Employee entitlements	29,624	18,792
	Total Current Liabilities	<u>445,652</u>	<u>403,289</u>
Non-Current Liabilities			
	Employee entitlements	10,959	8,905
	Total Non-Current Liabilities	<u>10,959</u>	<u>8,905</u>
	Total Liabilities	<u>456,611</u>	<u>412,194</u>
	Net Assets	<u>23,073,124</u>	<u>26,043,756</u>
Equity			
6	Issued capital	76,452,843	76,452,843
7	Reserves	183,306	-
	Accumulated losses	(53,563,025)	(50,409,087)
	Total Equity	<u>23,073,124</u>	<u>26,043,756</u>

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	Consolidated			Total Equity
	Issued Capital	Reserves	Accumulated Losses	
	\$	\$	\$	\$
Balance at 1 July 2016	76,452,843	-	(50,409,087)	26,043,756
Options issued	-	183,306	-	183,306
Loss for the period	-	-	(3,153,938)	(3,153,938)
Total comprehensive income for the period	-	183,306	(3,153,938)	(3,153,938)
Balance at 31 December 2016	76,452,843	183,306	(53,563,025)	23,073,124
Balance at 1 July 2015	76,452,843	-	(43,656,865)	32,795,978
Profit for the period	-	-	1,949,651	1,949,651
Total comprehensive income for the period	-	-	1,949,651	1,949,651
Balance at 31 December 2015	76,452,843	-	(41,707,214)	34,745,629

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Consolidated	
	31 December 2016 \$	31 December 2015 \$
	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from customers	2,579,646	-
Payments to suppliers and employees (including exploration and evaluation activities)	(4,416,070)	(1,469,695)
Research and development grant received	-	3,268,000
Interest received	70,744	45,743
Other receipts	5,491	12,353
Net cash inflow/(outflow) from operating activities	<u>(1,760,189)</u>	<u>1,856,401</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(11,199)	(499)
Proceeds from sale of property, plant and equipment	-	8,182
Proceeds from sale of subsidiary (net of cash at time of sale and costs)	12 1,774,873	-
Net cash inflow/(outflow) from investing activities	<u>1,763,674</u>	<u>7,683</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Net cash inflow from financing activities	<u>-</u>	<u>-</u>
Net increase in cash held	3,485	1,864,084
Cash and cash equivalents at the beginning of the period	3,475,950	3,092,048
Cash and cash equivalents at the end of the period	<u>3,479,435</u>	<u>4,956,132</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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 2016 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. 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 2016.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2016, 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 2016.

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 and, therefore, no change is necessary to Group accounting policies.

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 2017. 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 2016 of \$3,153,938 (2015: Net profit of \$1,949,651) and experienced net cash outflows from operating activities of \$1,760,189 (2015: Inflows of \$1,856,401). At 31 December 2016, the Group had current assets of \$7,706,752 (30 June 2016: \$13,246,746). The major component of the result for the prior reporting period was a Research and Development grant received of \$3,268,000 (2016: Nil). The Company received \$708,046 in January 2017.

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 as they believe the Group has sufficient funds to complete the Boorara Gold Project Stage 1 bankable feasibility study to support the Group obtaining finance for mine development. If development funding is not obtained the Group will seek additional funds through debt or equity issues or partial sale of its mineral properties as and when the need to raise working capital arises. In the event that the Group is not able to raise additional capital the Directors believe that the Company can continue to operate at a reduced activity level with the funds that it has currently.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**
NOTE 2: LOSS BEFORE INCOME TAX

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Included in the net loss for the period are the following income and expense items:		
(a) Income		
Interest received	29,378	45,743
Other income	5,491	12,354
(b) Expenses		
Consultancy fees	25,246	(50,787)
Depreciation and amortisation of non-current assets	91,624	113,774
Employee benefits costs	584,483	276,195
Share based payments	183,306	-
(c) Exploration Expenditure		
Gold sales	2,579,646	-
Cost of trial mining and processing	(2,218,076)	-
Gross profit from trial mining operations	361,570	-
Exploration expenditure	(1,001,559)	(542,863)
Net exploration expenditure	(639,989)	(542,863)

NOTE 3: TRADE AND OTHER RECEIVABLES

	Consolidated	
	6 months to 31 December 2015	Year to 30 June 2016
	\$	\$
GST Recoverable	450,185	188,496
Deferred consideration on sale of Coolgardie assets	3,000,000	-
Research and development refund	708,046	-
Prepayments	56,194	15,907
Other debtors	12,892	26,393
Total deferred exploration and evaluation expenditure	4,227,317	230,796

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**
NOTE 4: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	6 months to 31 December 2015 \$	Year to 30 June 2016 \$
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	23,939,968
Coolgardie Gold Project transferred to assets held for sale ¹	-	(9,378,405)
Impairment charge	-	(6,970,746)
Total deferred exploration and evaluation expenditure	7,590,817	7,590,817

¹ On 29 June 2016 the Directors resolved to seek a purchaser for the Coolgardie Gold Project. On 2 August 2016 the Company announced that it had entered into a Binding Heads of Agreement with Primary Gold Limited to sell the Coolgardie Gold Project for consideration of \$5 million cash and \$5 million in Primary Gold Limited Shares. The impairment charge in the 2016 financial year was to reduce the carrying value of the Coolgardie Gold Project to its net realisable value as established by the sale to Primary Gold Limited.

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

NOTE 5: OTHER FINANCIAL ASSETS

	Consolidated	
	31 December 2016 \$	30 June 2016 \$
Listed shares	2,688,000	-

As part consideration for the sale of the Coolgardie Gold Project the Company received 38,400,000 shares (being 40,000,000 less the selling agent's fee) in Primary Gold Limited. The shares are currently subject to escrow as follows:

- One third of the Primary ordinary shares or 12,800,000 are escrowed until 7 June 2017;
- The second tranche of Primary shares of 12,800,000 are escrowed until 7 September 2017; and
- The final tranche of 12,800,000 Primary shares are escrowed until 7 December 2017.

This note provides information about how the Group determines fair values of various financial assets and liabilities.

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

The Group's financial assets are measured at fair value at the end of the reporting period based on Level 1 inputs in the fair value hierarchy.

Measurement of fair value of financial instruments

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

There have been no transfers between the levels of fair value hierarchy during the half-year.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The Group did not measure any financial asset or financial liabilities at fair value on a non-recurring basis as at 31 December 2016.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**
NOTE 6: ISSUED CAPITAL

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	76,452,843	76,452,843

	6 months to 31 December 2016	6 months to 31 December 2016	12 months to 30 June 2016	12 months to 30 June 2016
	No.	\$	No.	\$
<i>Movements in ordinary shares on issue</i>				
Shares on issue at 1 July	317,166,661	76,452,843	317,166,611	76,452,843
At 31 December	317,166,661	76,452,843	317,166,611	76,452,843

NOTE 7: RESERVES

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Share based payments reserve	183,306	-

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. See note 8 for details of the calculation of the fair value of options issued.

NOTE 8: SHARE BASED PAYMENTS

During the half year, \$183,306 (2105: \$Nil) was recognised as a share based payment made to the managing director and general manager of the Company. The issue of options to the managing director was as approved at the General Meeting held on 24 November 2016. The fair value of the options as determined using the Black-Scholes option valuation methodology and applying the following inputs:

Closing price on date of issue (9 December 2016) October 2014	\$0.095
Exercise Price	15c
Expiry Date	9 December 2019
Risk Free Rate	2.5%
Volatility	75%
Value per Option	\$0.0367
Total Value of Options	\$183,306
Amount Expensed in Current Year	\$183,306
Amount to be Expensed in Future Years	\$-

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**
NOTE 9: 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 10: CONTINGENT LIABILITIES

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

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

There were no events subsequent to reporting date requiring disclosure.

NOTE 12: ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 29 June 2016 the Directors resolved to seek a purchaser for the Coolgardie Gold Project. On 2 August 2016 the Company announced that it had entered into a Binding Heads of Agreement with Primary Gold Limited to sell the Coolgardie Gold Project for consideration of \$5 million cash and \$5 million in Primary Gold Limited Shares. The sale was effected through the sale of the Company's 100% owned subsidiary MacPhersons Reward Pty Ltd and completion occurred on 7 December 2016.

	31 December 2016	30 June 2016
	\$	\$
<u>Consideration received or receivable:</u>		
Cash received	2,000,000	-
Cash receivable	3,000,000	-
Listed securities received (at fair value at completion)	2,880,000	-
Selling agent's fees paid (cash and shares)	(340,200)	-
Net sale proceeds	<u>7,539,800</u>	<u>-</u>
 <u>Net assets at date of completion</u>		
Other assets and liabilities	329	-
Property, plant and equipment	153,712	161,595
Deferred exploration and evaluation expenditure	9,378,405	9,378,405
Total assets held for sale	<u>9,532,446</u>	<u>9,540,000</u>
 Loss on disposal	<u>1,992,646</u>	<u>-</u>
 <u>Net cash inflow on disposal</u>		
Cash consideration received	2,000,000	-
Cash and cash equivalents disposed of	(127)	-
Selling agent's fees paid	(225,000)	-
Net sale proceeds	<u>1,774,873</u>	<u>-</u>

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 2016 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
16 March 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MacPhersons Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of MacPhersons Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated 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.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year 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 half-year 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 half-year 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 2016 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.

A review of a half-year 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*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year 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 2016 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*.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink that reads 'Norman G Neill'.

N G Neill
Partner

Perth, Western Australia
16 March 2017