

MACPHERSONS

MACPHERSONS RESOURCES LIMITED

ABN 98 139 357 967

**Interim Financial Report
31 December 2017**

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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 2017. 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 to Half Year Ending 31 December 2017

Our focus

- Use our resources to develop the mining and exploration tenements hosting the 100% owned Boorara gold and Nimbus silver projects.
- Additional Reverse Circulation (RC) Resource Drilling at Boorara followed by a new resource estimate then proceed to a Definitive Feasibility Study on the Boorara gold project.
- Nimbus is a potential high grade silver underground operation that requires further metallurgical test work.
- Exploration will be completed on some 20 kilometres (km) of 100% owned tenements.
- Assess potential dual processing options for Nimbus and Boorara to run in parallel, and
- Assess the availability of other processing gold mills in the Kalgoorlie region.

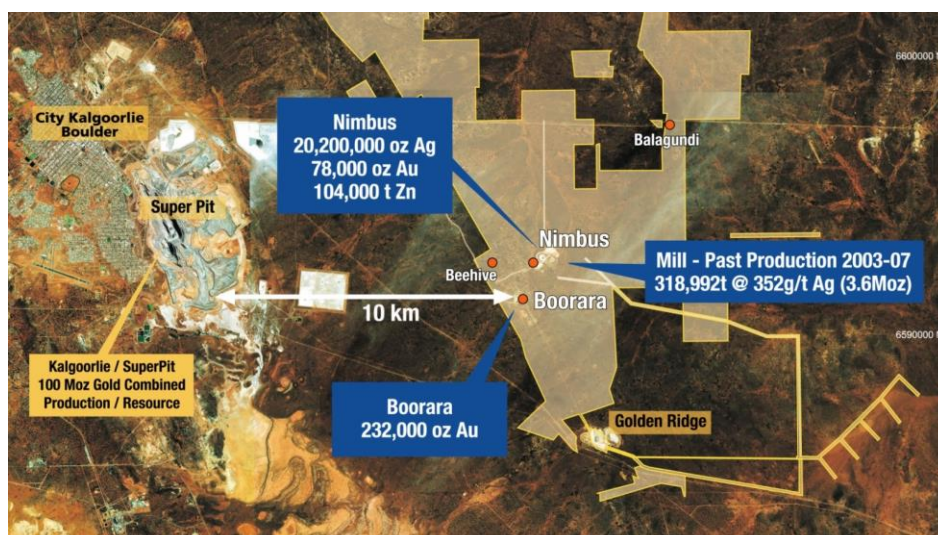


Figure 1: Location of the Nimbus-Boorara projects area, 10km east of the Kalgoorlie Super Pit, showing the Nimbus Mill site and the Boorara gold project within 1km of the Nimbus mine.

BOORARA GOLD PROJECT

Background

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

During the 6 months MRP completed 9 diamond holes (BODH 044 – 052) at Boorara Southern Stockwork deposit for 2,591 metres to expand the gold mineralisation associated with discovery hole BODH 025 (163m @ 4.29 g/t). Also a 34,000 metre RC drilling program commenced the aim of which was to increase the existing 232,000 oz (5,950,000 tonnes at 1.2g/t Gold. Refer ASX release dated 25 January 2017 for full details) Boorara Gold Resource targeting mineralisation at Southern Stockwork (SSW), Crown Jewel (CJ) and Northern Stockwork (NSW). To the end of December 66 RC drill holes (BORC 186 – 221 & 300 – 329) had been completed (14,461 metres) and assays received and reported. A further 113 RC holes were completed during the period (19,606 metres) and results have been reported since the end of the financial period. This drilling resulted in number of significant composite intersections (see table 1) and has extended gold mineralisation to below 200m at the SSW area. The drilling has been undertaken on 115° drilling azimuth that is perpendicular to the north west dipping quartz vein arrays that host gold mineralisation at Boorara.

The drilling has been undertaken at NSW, SSW and CJ deposits (see figure 2).

Table 1: Significant selected Boorara Diamond drilling composite results >0.7 g/t (please see ASX releases dated 4/08/17, 29/08/17, 4/09/17 for full details of all drilling results)

Selected Boorara Significant Diamond Drill Hole Composite Intervals				
Hole ID	From	To	Interval	Au g/t
BODH 044	36	51	15	1.02
BODH 044	211	212	1	6.74
BODH 044	301	308	7	2.18
incl	307	308	1	5.83
BODH 045	42	105	63	0.79
BODH 045	114	136	24	0.79
BODH 045	154	161	7	2.18
BODH 045	155	156	1	7.88
BODH 045	176	189	15	1.05
BODH 045	192	230	38	1.45
BODH 046	29	42	13	1.15
BODH 046	45	53	8	1.2
BODH 046	155	199	44	1.7
incl	180	199	19	2.64
BODH 047	13	20	7	3.06
incl	13	14	1	17
BODH 047	70	114	44	0.76
BODH 047	167	175	8	0.86
incl	186	187	1	11.5
BODH 047	298	307	9	2.7
incl	306	307	1	16.6
BODH 048	6	17	11	1.41
BODH 048	111	120	9	0.67
BODH 048	131	134	3	0.92
BODH 048	164	165	1	9.58
BODH 048	173	174	1	51.9
BODH 049	35	40	5	0.89
BODH 049	78	79	1	3.06
BODH 049	96	97	1	2.53

Selected Boorara Significant Diamond Drill Hole Composite Intervals				
BODH 049	221	234	13	1.14
incl	228	229	1	6.92
BODH 050	62	74	12	0.74
BODH 050	78	89	11	0.76
incl	84	85	1	4.07
BODH 050	131	134	3	0.93
BODH 050	249	253	4	0.82
BODH 051	24	60	36	1.04
BODH 051	75	89	14	1.42
incl	78	79	1	10.35
BODH 051	138	143	5	1.5
BODH 051	167	182	19	1.1
BODH 051	199	233	34	2.1
incl	220	221	1	12.5
BODH 052	116	136	20	1.72
incl	127	128	1	12.6
BODH 052	178	247	68	1.78
incl	203	204	1	18.15
incl	205	206	1	11.2

Table 2: Selected significant Boorara RC drilling results (please see ASX releases dated 24/10/17, 9/11/17, 30/11/17 for full details of all drilling results)

Selected Boorara Significant Reverse Circulation Drill Hole Composite Intervals				
Hole ID	From	To	Interval	Au g/t
BORC 189	56	60	4	91.4
incl	56	57	1	241
incl	57	58	1	123
BORC 190	58	89	31	1.61
incl	66	67	1	12.65
BORC 192	76	82	6	21.28
incl	78	79	1	126
BORC194	173	186	13	1.61
incl	173	174	1	10
BORC197	91	102	11	1.52
BORC198	31	98	67	1.99
incl	41	42	1	10.8
BORC198	109	168	59	1.74
incl	114	115	1	8.13
incl	163	164	1	9.72
BORC 202	0	16	16	1.58
incl	12	13	1	6.86
incl	14	15	1	4.86
BORC 202	26	161	136	1.78
incl	35	36	1	6.93
incl	52	53	1	4.9
incl	85	86	1	7.52

Selected Boorara Significant Reverse Circulation Drill Hole Composite Intervals				
incl	96	97	1	8.27
incl	109	110	1	4.82
incl	110	111	1	4.68
incl	116	117	1	5.52
incl	149	150	1	4.73
BORC 206	98	197	99	2.09
incl	114	115	1	8.73
incl	121	122	1	5.52
incl	148	149	1	5.75
incl	162	163	1	10.05
incl	186	187	1	9.24
BORC 210	67	72	5	3.56
Incl	67	68	1	16.15
BORC 211	22	48	26	1.8
incl	26	27	1	9.27
incl	38	39	1	5.03
incl	39	40	1	5.09
BORC 215	43	65	23	1.45
incl	62	63	1	6.86
BORC 300	56	86	30	1.52
BORC 301	36	57	20	1.42
BORC 304	119	130	11	1.44
BORC 306	124	134	10	3.28
incl	126	127	1	23
incl	132	133	1	5.79
	200	205	5	0.79
BORC308	167	173	6	1.43
incl	172	173	1	4.14
BORC314	128	137	9	3.01
incl	131	132	1	22.5
BORC 315	123	128	6	1.41
BORC 315	208	217	9	1.43
BORC 316	24	25	1	19.8
BORC 316	28	29	1	10.75
BORC 317	107	121	14	3.77
incl	108	109	1	32.5
incl	109	110	1	9.21
BORC 319	220	228	8	1.43
Incl	223	224	1	5.46
BORC 322	271	276	5	2.89
incl	271	272	1	9.17
BORC 324	42	57	15	1.58
incl	53	54	1	5.17
BORC 325	161	245	85	1.33
BORC 328	72	81	9	1.8

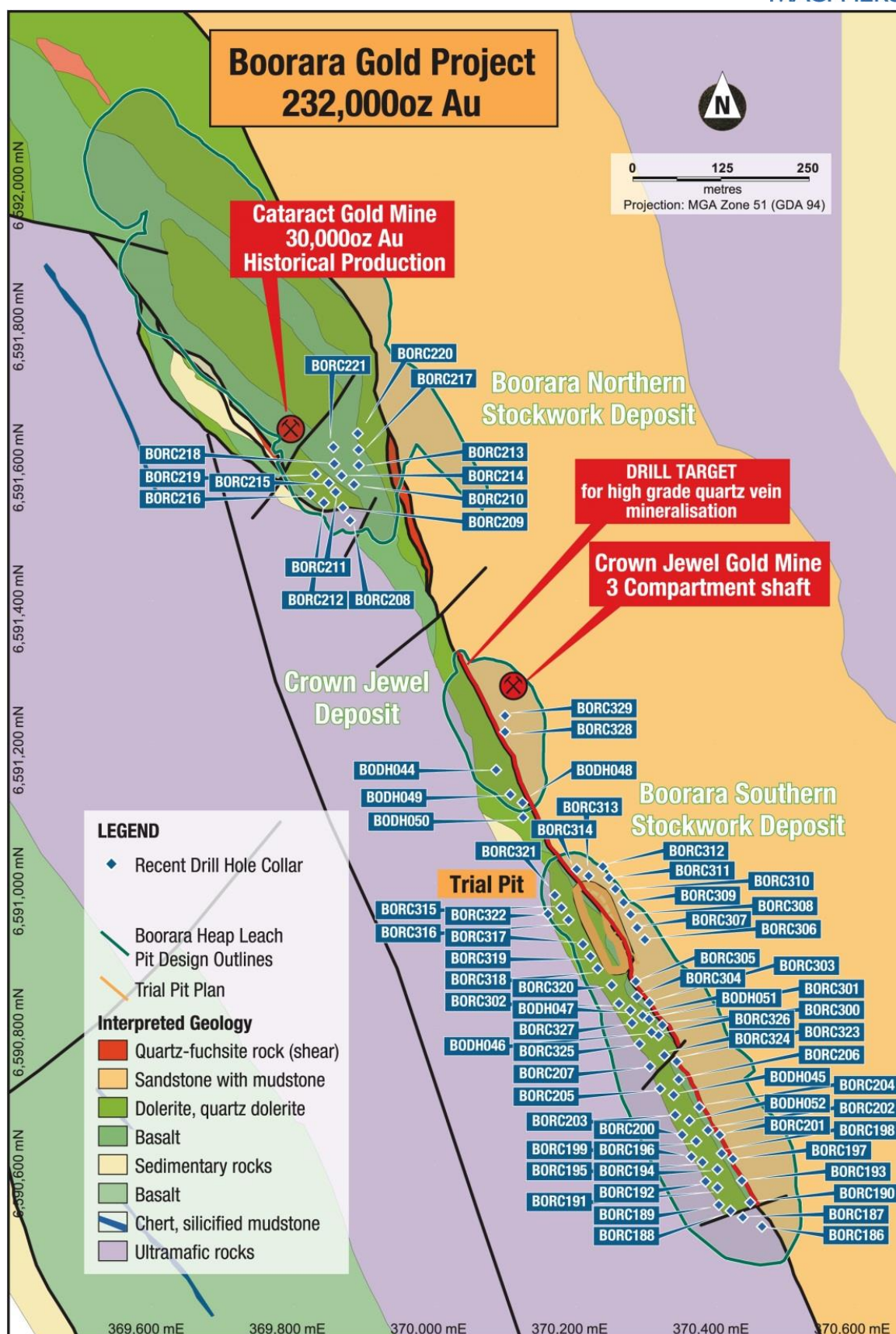


Figure 2: Boorara Gold Project plan with current drilling.

Boorara Structural Study

Structural logging and measurements of quartz veins taken from current diamond holes and previous MRP drilled holes has determined three dominant quartz vein geometries;

1. Striking 020° and dipping 48° west
2. Striking 060° and dipping 40° north west
3. Striking 100° and dipping 43° north

A re-logging program has been undertaken on all MRP Boorara diamond drill hole core and RC drill chips at the Southern Stockwork and Crown Jewel areas. Key outcomes have been previously unrecognised lithological and structural complexity with cross faulting resulting in movement of mineralised ore blocks in the order of 10's of metres horizontally and vertically. Previously unrecognised ultramafic and sediment lithologies have been identified adjacent to the Boorara dolerite. The Boorara dolerite can be divided into up to 7 individual units with the quartz granophyric unit being unit 5. It is expected that future diamond drill holes will enable faulting to be better understood. The Boorara faulting is not dissimilar to that seen at the Mt Charlotte gold mine at Kalgoorlie (see Figure 3 and Figure 4 below) note the scale the Reward quartz vein array orebody that has a strike length of approximately 150 metres on the three levels. Although the Mt Charlotte orebody has a short strike length it extends vertically for over 1200 metres depth and again faulting has resulted in the orebodies being moved considerable distances (see Figure 3 and Figure 4). The iron enrichment present within the Boorara quartz dolerite provides an oxidised chemical composition favourable to wall rock reaction with reduced gold fluids, this is a well-known host rock setting for major gold deposits in the Eastern Goldfields such as Mt Charlotte (6 Moz) and Darlot-Centenary (3.2 Moz).

The Boorara Southern Stockwork gold mineralisation like Mt Charlotte (see Figure 3 and Figure 4) consists of irregular shaped pipe-like quartz vein arrays that are hosted in quartz dolerite that require close spaced systematic drilling to define (see Figure 4).

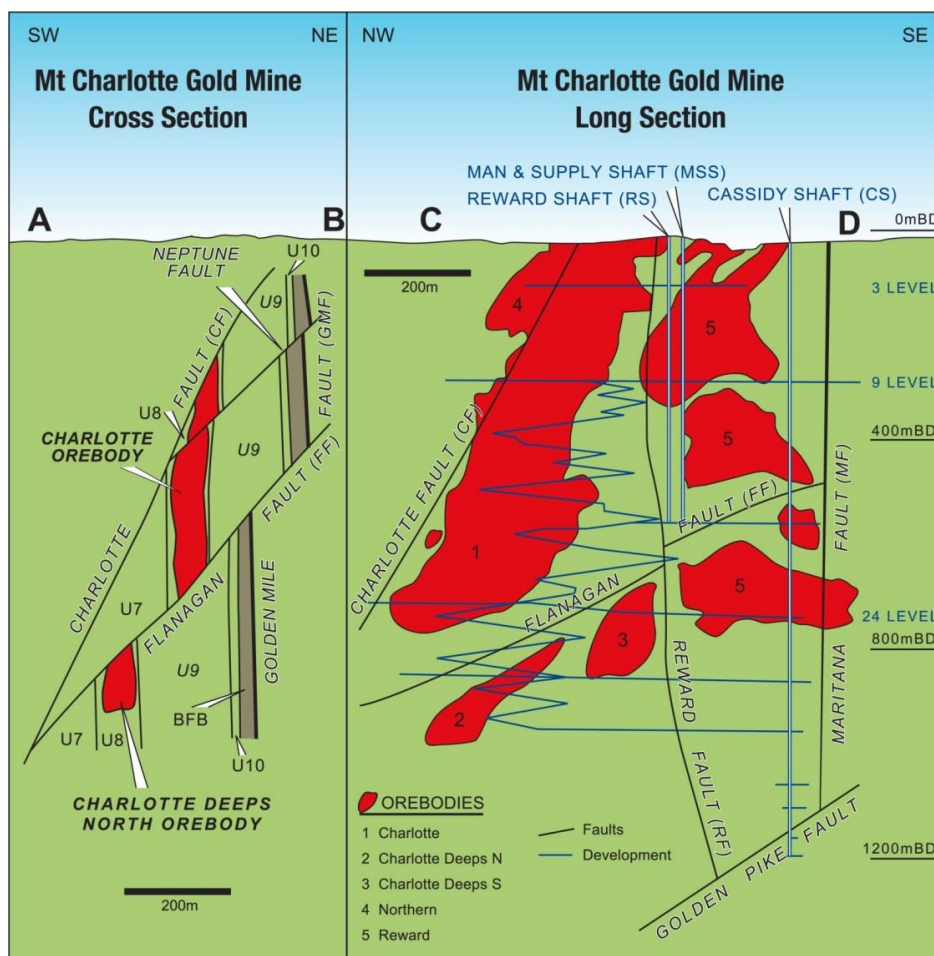


Figure 3: Mt Charlotte Cross Section and Long Section (after Clout, Cleghorn & Eaton 1990) to illustrate the depth extent of the Mt Charlotte mine compared to strike extent.

Mt Charlotte Gold Mine - Plan View

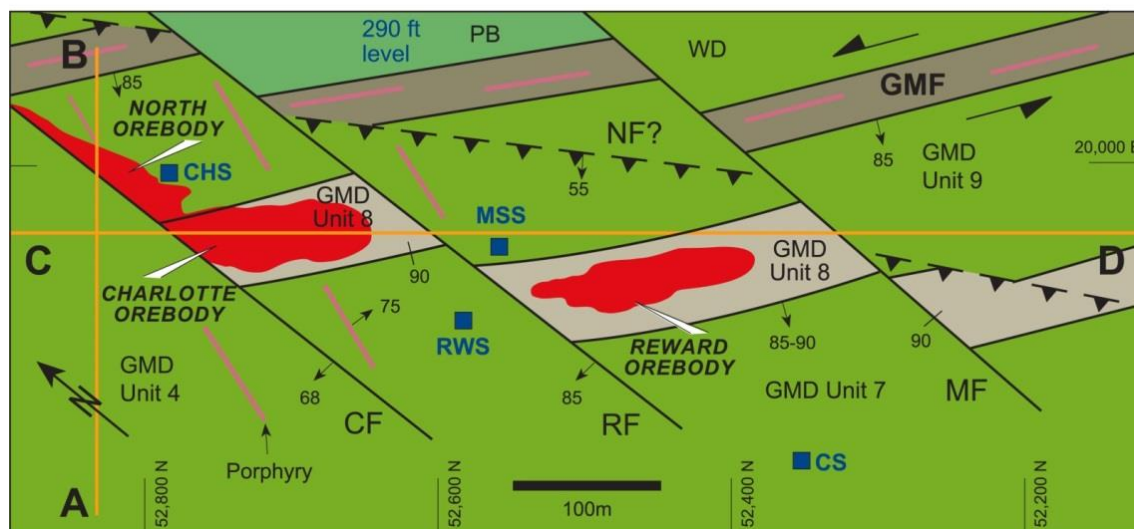


Figure 4: Mt Charlotte 3 level structural plan (Mueller 2015) showing the GMF (Golden Mile Fault) the quartz dolerite host (GMD unit 8), Golden Mile Dolerite (GMD units 4, 7, 8 & 9), Paringa Basalt (PB) and the Williamstown Dolerite (WD). The quartz vein array orebodies are the Charlotte (COB), Reward (ROB) and Northern (NOB). The Cassidy Shaft is shown along with the Charlotte Shaft (CHS), Reward Shaft (RWS) and the Man and Supply Shaft (MSS). Porphyry dykes and shown as red lines. Faults are shown as black lines including the Charlotte Fault (CF), Reward Fault (RF) and Maritana Fault (MF).

Co-funded Deep Diamond Drill Hole

The WA Government Exploration Incentive Scheme (EIS) co-funded deep diamond drill hole at Boorara (see figure 1) was drilled to a depth of 1,023.1m intersecting the Boorara dolerite at 864 metres downhole and extended 116.5 metres to 980.5 metres. The deep hole intersected the dolerite zone at a vertical depth of 715 metres and some 310 metres below the previous deepest known gold mineralisation (BODH 033 452-453m, 1m at 10.25 g/t with visible gold).

This hole is an important step for the company to unlock the potential of the Southern Stockwork deposit at depth.

This EIS hole was drilled across the dolerite and is being used to locate the mineralised dolerite at depth that will provide important information on the Boorara stratigraphy and to determine any structural fault offsets. It is not expected that the reported grades from this hole accurately estimate the gold grade of the target given the planned drill hole azimuth.

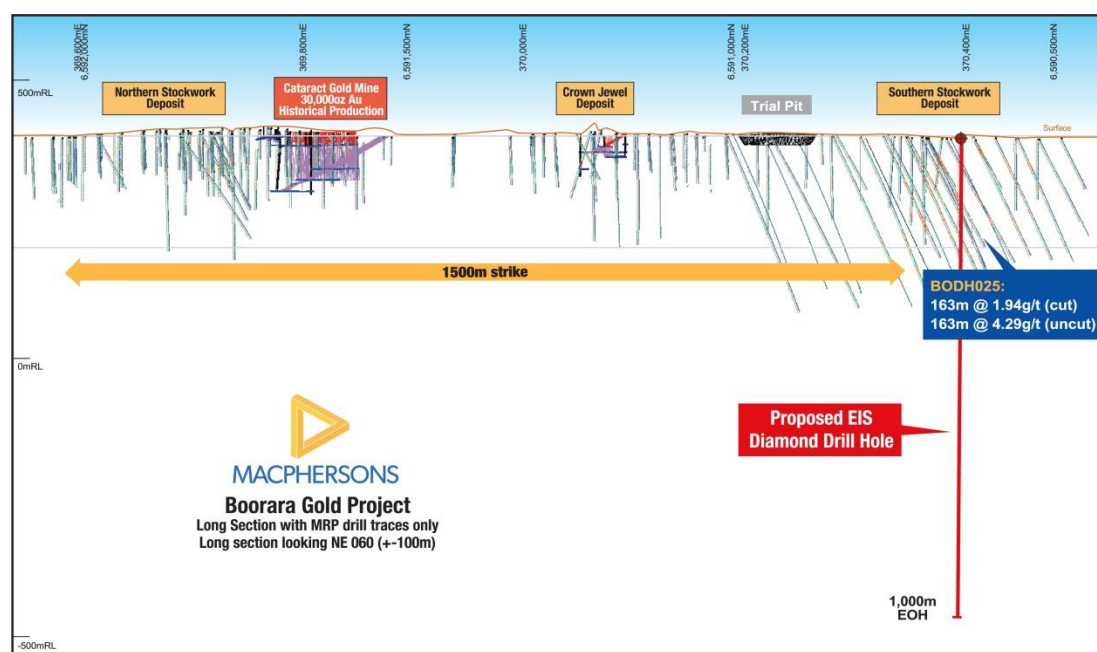


Figure 5: Boorara Gold Project long section with planned EIS drill trace (red).

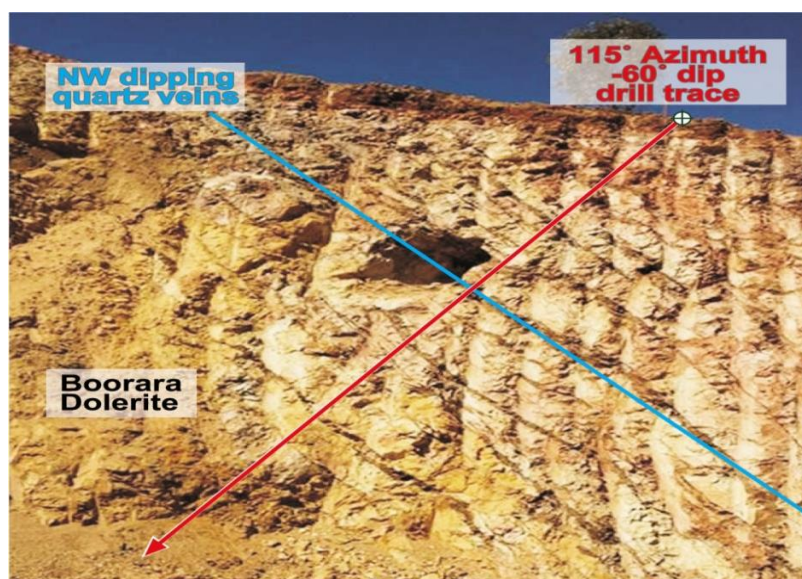


Figure 6: NW dipping quartz vein array in Boorara trial pit and the current drill azimuth and dip.

Ongoing Definitive Feasibility Study

The mining of the Boorara trial pit in 2016 was an important step for the ongoing DFS, followed by further drilling at SSW aimed at increasing the Boorara resource. The key aspects of the DFS that have been completed to date are listed below:

- Large area of granted Mining Leases
- Permitted and approved TSF facility at Nimbus of 4.8 mt with potential to expand
- Aboriginal heritage survey completed
- Flora and Fauna survey completed
- DMIRS Approved Boorara open pit and heap Leach Mining Proposal
- Sterilisation drilling completed
- Connected mains power 1.5 Mw allocation
- Licenced to extract 1.5 million kilolitres of saline process water from tested and proved borefield – KCGM draws from the same aquifer
- Established site offices and associated infrastructure

NIMBUS SILVER PROJECT

2016 - 2017 Metallurgical test work

The current Nimbus metallurgical test work is focussing 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. This work will also examine opportunities of how laboratory scale silver zinc recoveries can be converted to a potentially commercially economic process plant flow sheet.

Regional Exploration

A number of exploration gold targets for have been generated that are auger soil gold anomalies that will be tested in the future with aircore drilling.

Competent Person's Statement

The information in this report that relates to mineral resources and exploration results is based on information compiled by Andrew Pumphrey who is a Member of the Australian Institute of Geoscientists and is a Member of the Australasian Institute of Mining and Metallurgy. 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 10 and forms part of this directors' report for the half-year ended 31 December 2017.

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 2018

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 2017, 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 2018**

**N G Neill
Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

		Consolidated	
		31 December 2017	31 December 2016
	Notes	\$	\$
Continuing operations			
Other income		53,080	34,869
Employee benefits expense		(492,533)	(584,483)
Depreciation and amortisation expense		(71,824)	(91,624)
Exploration expenditure	2c	(4,056,590)	(639,989)
Loss on sale of fixed assets		(432)	(1,680)
Administration costs		(255,684)	(220,765)
Site office costs		(146,067)	(105,560)
Share based payments	8	-	(183,306)
Fair value change on financial assets (listed shares)		(614,400)	(76,800)
Provision for rehabilitation costs		(88,867)	-
Loss on sale of assets held for sale	12	-	(1,992,646)
Loss before income tax	2	(5,673,317)	(3,861,984)
Income tax benefit (R&D refund)		-	708,046
Net profit/(loss) for the period		(5,673,317)	(3,153,938)
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		(5,673,317)	(3,153,938)
Basic and diluted earnings/(loss) per share (cents per share)		(1.74) cents	(0.99) cents

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

		Consolidated	
		31 December 2017	30 June 2017
	Notes	\$	\$
Assets			
Current Assets			
Cash and cash equivalents		3,341,967	2,853,887
Trade and other receivables	3	428,873	1,697,308
Total Current Assets		3,770,840	4,551,195
Non-Current Assets			
Property, plant and equipment		2,685,239	2,717,313
Deferred exploration and evaluation expenditure	4	7,590,817	7,590,817
Other financial assets	5	1,497,600	2,112,000
Total Non-Current Assets		11,773,656	12,420,130
Total Assets		15,544,496	16,971,325
Liabilities			
Current Liabilities			
Trade and other payables		709,353	544,149
Employee entitlements		40,116	35,862
Total Current Liabilities		749,469	580,011
Non-Current Liabilities			
Employee entitlements		14,346	12,731
Mine rehabilitation provision		679,052	590,657
Total Non-Current Liabilities		693,398	603,338
Total Liabilities		1,442,867	1,183,399
Net Assets		14,101,629	15,787,926
Equity			
Issued capital	6	80,439,863	76,452,843
Reserves	7	246,406	246,406
Accumulated losses		(66,584,640)	(60,911,323)
Total Equity		14,101,629	15,787,926

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Consolidated			
	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2017	76,452,843	246,406	(60,911,323)	15,787,926
Shares issued (net of issue costs)	3,987,020	-	-	3,987,020
Loss for the period	-	-	(5,673,317)	(5,673,317)
Total comprehensive income for the period	-	-	(5,673,317)	(5,673,317)
Balance at 31 December 2017	80,439,863	246,406	(66,584,640)	14,101,629
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	-	-	(3,153,938)	(3,153,938)
Balance at 31 December 2016	76,452,843	183,306	(53,563,025)	23,073,124

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

		Consolidated	
		31 December 2017 \$	31 December 2016 \$
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		-	2,579,646
Payments to suppliers and employees (including exploration and evaluation activities)		(5,011,838)	(4,416,070)
Interest received		24,663	70,744
Other receipts		28,417	5,491
Net cash (outflow) from operating activities		(4,958,758)	(1,760,189)
Cash flows from investing activities			
Payments for property, plant and equipment		(40,182)	(11,199)
Proceeds from sale of subsidiary (net of cash at time of sale and costs)	12	1,500,000	1,774,873
Net cash inflow from investing activities		1,459,818	1,763,674
Cash flows from financing activities			
Proceeds from issue of shares		4,226,784	-
Payment of share issue costs		(239,764)	-
Net cash inflow from financing activities		3,987,020	-
Net increase in cash held		488,080	3,485
Cash and cash equivalents at the beginning of the period		2,853,887	3,475,950
Cash and cash equivalents at the end of the period		3,341,967	3,479,435

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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 2017 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 2017.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2017, 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 2017.

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 2018. 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 2017 of \$5,673,317 (2016: \$3,153,938) and experienced net cash outflows from operating activities of \$4,958,758 (2016: \$1,760,189). At 31 December 2017, the Group had current assets of \$3,770,840 (30 June 2017: \$4,551,195).

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.

Should the Directors not be successful in the above, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and therefore its ability to realise its assets and discharge its liabilities in the ordinary course of business, and at amounts stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 2: LOSS BEFORE INCOME TAX

	Consolidated	
	31 December 2017	31 December 2016
	\$	\$
<hr/>		
Included in the net loss for the period are the following income and expense items:		
(a) Income		
Interest received	24,663	29,378
Other income	28,417	5,491
(b) Expenses		
Consultancy fees	175,564	25,246
Depreciation and amortisation of non-current assets	71,824	91,624
Employee benefits costs	492,533	584,483
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	(4,056,590)	(1,001,559)
Net exploration expenditure	(4,056,590)	(639,989)
	<hr/>	

NOTE 3: TRADE AND OTHER RECEIVABLES

	Consolidated	
	6 months to 31 December 2017	Year to 30 June 2017
	\$	\$
GST Recoverable	359,712	159,292
Deferred consideration on sale of Coolgardie assets	-	1,500,000
Prepayments	58,117	19,011
Other debtors	11,044	19,005
Total deferred exploration and evaluation expenditure	428,873	1,697,308
	<hr/>	

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 4: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	6 months to 31 December 2017 \$	Year to 30 June 2017 \$
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	7,590,817
Total deferred exploration and evaluation expenditure	7,590,817	7,590,817

NOTE 5: OTHER FINANCIAL ASSETS

	Consolidated	
	31 December 2017 \$	30 June 2017 \$
Listed shares – at fair value	1,497,600	2,112,000

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.

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 2017.

Fair value of other financial assets and financial liabilities

The Group also has number of financial instruments which are not measured at fair value in the statement of financial position.

The carrying amounts of the current receivables, current payables and current borrowings are considered to be a reasonable approximation of their fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 6: ISSUED CAPITAL

	Consolidated	
	31 December 2017 \$	30 June 2017 \$
<i>Ordinary shares</i>		
Issued and fully paid	80,439,863	76,452,843

	6 months to 31 December 2017	6 months to 31 December 2017	12 months to 30 June 2017	12 months to 30 June 2017
	No.	\$	No.	\$
<i>Movements in ordinary shares on issue</i>				
Shares on issue at 1 July	317,166,611	76,452,843	317,166,611	76,452,843
Placement Shares issued	23,179,201	3,013,294	-	-
SPP Shares issued	9,334,536	1,213,490	-	-
Share based payments	1,346,153	175,000	-	-
Share issue costs	-	(414,764)	-	-
At 31 December	351,026,501	80,439,863	317,166,611	76,452,843

NOTE 7: RESERVES

	Consolidated	
	31 December 2017 \$	30 June 2017 \$
Share based payments reserve	246,406	246,406

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

Ordinary Shares

During the financial period ended 31 December 2017, consulting fees totalling \$175,000 were satisfied by the issue of 1,346,153 shares to Treadstone Resource Partners Pty Ltd in accordance with an advisory mandate in relation to the company's capital raising. The total number of shares issued was derived using the issue price of the placement conducted during the financial period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 8: SHARE BASED PAYMENTS (cont')

Options

The Company did not issue any options during the half year. During the comparative period \$183,306 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)	\$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 (December 2016)	\$183,306
Amount to be Expensed in Future Years	\$-

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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. The final instalment of the cash consideration was received on 7 December 2017.

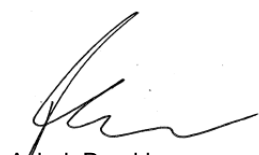
	31 December 2016
	\$
<u>Consideration received or receivable:</u>	
Cash received	2,000,000
Cash receivable	3,000,000
Listed securities received (at fair value at completion)	2,880,000
Selling agent's fees paid (cash and shares)	(340,200)
Net sale proceeds	<u>7,539,800</u>
 <u>Net assets at date of completion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

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 2017 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 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MacPhersons Resources Limited

Report on the Condensed Interim Financial Report*Conclusion*

We have reviewed the accompanying interim financial report of MacPhersons Resources Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed 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.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim 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 2017 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*.

Material uncertainty related to going concern

We draw attention to Note 1 in the half-year financial report, which indicates the existence of material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Auditor's responsibility

Our responsibility is to express a conclusion on the interim 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 interim 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 2017 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 interim 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*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
16 March 2018



N G Neill
Partner