

MACPHERSONS

MacPhersons Resources Limited

ABN 98 139 357 967

Annual Report

30 June 2016

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CORPORATE INFORMATION

ABN 98 139 357 967

Directors

Ashok Parekh
Jeffrey Williams
Peter Rozenauers

Company Secretary

Stephen Hewitt-Dutton

Principal Activity

Precious and base metal exploration

Registered and Head Office

109 Maritana Street
Kalgoorlie WA 6430
Phone: 08 9060 1300

Share Register

Computershare
Level 2, 45 St Georges Terrace
Perth WA 6000, Australia
Phone: 1300 55 70 10

Solicitors

Price Sierakowski
Level 24, St Martin's Terrace
44 St George's Terrace
Perth WA 6000

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Securities Exchange Listing

MacPhersons Resources Limited shares are listed on the Australian Securities Exchange (ASX: MRP)

DIRECTORS' REPORT

Your directors submit the annual financial report of the consolidated entity (or Group) consisting of MacPhersons Resources Limited and the entities it controlled during the financial year ended 30 June 2016. In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities:

Ashok Parekh (appointed 9 September 2009)

B.Bus FCA AIMM FTIA

Chairman – Non-Executive Director

Mr Ashok Parekh is a Chartered Accountant, with over 38 years' experience, who owns a large accounting practice in Kalgoorlie, which he has operated for 32 years. He was awarded the Centenary Medal in 2003 by the Governor General of Australia, and was recently awarded the Meritorious Service Award by Chartered Accountants Australia and New Zealand, the highest award granted by the Institute in Australia.

Mr Parekh has over 32 years' experience in providing advice to mining companies and service providers to the mining industry. He has spent many years negotiating with public listed companies and prospectors on mining deals which have resulted in new IPOs and the commencement of new gold mining operations. He has also been involved in the management of gold mining and milling companies in the Kalgoorlie region, and has been the Managing Director of some of these companies. He is well known in the West Australian mining industry and has a very successful background in the ownership of numerous businesses in the Goldfields, including Coolgardie Custom Milling, a toll processing gold and nickel plant which Ashok and his partner operated in the Goldfields for 12 years.

Other listed company Directorships: Nil

In the last 3 years Mr Parekh has held directorships in: A1 Consolidated Gold Limited (May 2011 to 24 November 2014)

Jeffrey Williams (appointed 20 January 2010)

BSc (Mining Eng), MBA, FAusIMM

Managing Director

Jeff Williams has over 40 years' industry experience with 16 years' experience as a professional mining engineer in Australia and seven years in the stockbroking industry, and is a Fellow of the Australasian Institute of Mining and Metallurgy. His mining experience ranges from mine planning, underground management and feasibility studies through to mine development. From 1972 to 1984, he held various positions with CRA Limited at Broken Hill in New South Wales. Following completion of his Masters of Business Administration (MBA) programme in 1987, he played a major role as a Senior Project Engineer with North Limited. From 1989 to 1996, he specialised in gold mining research in the stock broking industry.

Mr Williams was the Managing Director of Mineral Deposits Ltd for 15 years and departed in late 2011. He secured the Sabodala gold and Grande Cote zircon projects in Senegal in West Africa, and commenced gold production in March 2009. The market capitalisation of Mineral Deposits Limited increased from AUD\$6 million in 2003 to over AUD\$1,000 million in 2011.

Mr Williams has since been involved in a number of smaller mining companies on the ASX to develop exploration plans mostly in Australia.

Other listed company Directorships: Alice Queen Limited (since March 2012)

In the last 3 years Mr Williams has held directorships in: World Titanium Resources Limited (January 2012 to 9 September 2016)

A1 Consolidated Gold Limited (May 2011 to 30 September 2013)

Peter Rozenauers (appointed 18 August 2014)

BE – Mining Eng (Hons I), MBus (Applied Finance), MAusIMM

Non-Executive Director

Peter Rozenauers is a Portfolio Manager with Orion Mine Finance and has over 28 years of experience in the natural resources and finance industry. He holds a Bachelor of Mining Engineering (Hons I) from the UNSW, a Master of Applied Finance from the University of Technology Sydney and is a Member of the Australasian Institute of Mining and Metallurgy. Prior to Orion, Peter was a Senior Investment Manager for predecessor business of Orion, Red Kite Group's Mine Finance business. Before joining Red Kite in 2012, and prior to that, Peter was Managing Director and Head of Asian Commodities Distribution for Barclays Capital in Singapore, a leading commodity global investment bank. Peter has spent over 13 years working in a variety of senior banking roles in Singapore, New York and London.

Other listed company Directorships – Blackham Resources Limited (since June 2015)

Mr Rozenauers has not held any other listed company directorships in the last three years.

Morrie Goodz (resigned 24 July 2015)

MSc (Mining Geol), MBA, Cert Mine Manager (VIC), FAusIMM, MCanIMM

Managing Director – Executive Director

Company Secretary

Stephen Hewitt-Dutton (appointed 17 March 2010)

B.Bus., CA

Stephen is a Chartered Accountant and is an Associate Director of Trident Capital Pty Ltd. He holds a Bachelor of Business from Curtin University and is a member of Chartered Accountants Australia and New Zealand. He has over 20 years of experience in corporate finance, accounting and company secretarial matters.

Before joining Trident Capital, Stephen was an Associate Director of Carmichael Corporate where he assisted clients by providing equity market, IPO and M&A advice and assistance. He has also held Financial Controller and Company Secretary positions for both public and private companies for in excess of 18 years.

Principal Activities

The principal activity of the Group during the financial year was to explore and evaluate various mineral exploration projects.

Operating and Financial Review

	2016 \$	2015 \$
Net loss for the year	6,752,222	7,303,729

The net loss for the year ended 30 June 2016 and 30 June 2015 has been calculated in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), and includes exploration expenditure of \$1,578,806 (2015: \$5,061,021) expensed in accordance with the Group's accounting policy.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Review of Operations to Year Ending 30 June 2016

Our focus

- Use our resources to develop the mining and exploration tenements hosting the 100% owned Boorara gold and Nimbus silver projects.
- Commenced a Definitive Feasibility Study on the Boorara gold project.
- Test a trial parcel of open pit gold ore at Boorara to ensure the geological model works and reconciliation of gold grades.
- Nimbus is a potential high grade silver underground operation and requires further metallurgical test work.
- Further Reverse Circulation (RC) drilling required at Boorara to identify deeper gold mineralisation below 100 metres.
- Exploration needed on some 20 kilometres (km) of 100% owned tenements.
- Assess dual processing options for Nimbus and Boorara to run in parallel, and
- Assess the availability of other processing gold mills in the Kalgoorlie region.

Our achievements

- The sale of the company's 100% owned Coolgardie assets;
- Trial open pit mining commenced at the Boorara gold project;
- Test work on the heap leach option on the Boorara project commenced in April 2016 and should be completed in the December quarter 2016;
- 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 are being assessed to develop a more robust open pit mine plan;
- An RC drill program at Boorara planned in late September to assess the deeper potential gold mineralization;
- Announced a new high grade silver deposit at Nimbus of 255,000 tonnes grading 773 grams per tonne (g/t) in May 2016;
- Metallurgical test work on the Nimbus high grade silver RC chips underway at Core Resources laboratory in Brisbane and results expected during the December quarter 2016.

Sale of Coolgardie Gold Assets

On 2nd August 2016, MacPhersons Resources Limited entered a Binding Heads of Agreement with Primary Gold Limited for the sale of its 100% owned Coolgardie gold assets. Primary will pay MacPhersons A\$10m from signing of the Agreement on Tuesday 2nd August. 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 over 12 months from Completion.

The sale is part of our plan to focus on our core assets at the Nimbus silver and Boorara gold advanced projects, 10 km south-east of Kalgoorlie. In addition, we will now be able to take advantage of our highly prospective exploration tenements adjacent to the Kalgoorlie super pit and minimise our financial commitments outside our core advanced projects.

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 Kalgoorlie's Super Pit gold mine. The initial mine design work on a series of open pit designs has identified a resource of 3.5 million tonnes grading about 1 g/t based on a 0.3 g/t cut-off. The mineral resource is sourced from three pits known as Northern, Crown Jewel and Southern pits.

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



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 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 say 40-50 metres below the natural surface, transition zone to around 70 metres and fresh hard rock below this point.

The published resources are 10.8 million tonnes grading 0.99 g/t for 340,000 ounces (26 Feb 2015).

Ongoing Definitive Feasibility Study

In December 2015 the Company announced the commencement of a DFS on the Boorara gold project. The DFS was initially based on near-surface open pit mine producing 86-91,000 ounces of gold over 3 years from a standalone Heap-Leach Merrill Crowe operation.

The anticipated capital cost for the Boorara Stage 1 heap leach project is expected to be less than \$20 million based on using existing infrastructure at Nimbus (1 km north east of Boorara), and proximity of the project to the nearby City of Kalgoorlie-Boulder. Significant infrastructure capital cost saving will be made using the existing Nimbus office complex, the previously purchased Merrill Crowe plant, mains power line to Nimbus, Chappell Bore water supply and existing road access.

The Merrill Crowe components were delivered to the Nimbus site in the first two weeks of April.

The WA Department of Water granted a water allocation of 1,500,000 kilolitres of water to be extracted from the MRP Stoneville bore field. This is a significant achievement as now the water supply for future Boorara and Nimbus processing is assured.

The allocation of grid power for the Boorara Gold Project from Western Power was advanced during the quarter with electrical engineers ECG Engineering in the final stages of the allocation submission. This will enable the connection of the existing MRP owned power infrastructure to the grid, and electrical engineering aspects of the Boorara Heap Leach BFS.

In parallel to the heap leach Definitive Feasibility Study (DFS) for Boorara, MRP needed to consider the option of using Carbon-In-Leach (CIP) processing. Management considered whether the gold resource grade of the deposit could be increased to enable the project to be mined and transported to a third party CIP processing facility as a profitable option. Your Board decided we needed to test a trial parcel of ore from Boorara through a suitable local processing mill.

Trial Pit

The Boorara trial open pit to 20 metres was approved by your Board to further understand the digging and breaking characteristics of the ore and waste. We will also gain 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 small 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 1.8 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. 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

As significant the planned extraction of some 30,000 tonnes will be treated through the local Greenfields mill at Coolgardie under a Toll Treatment Agreement. The treatment of this small parcel of ore will also demonstrate the gold recovery through the use of Carbon-in-Leach processing at Greenfields. The management team in Kalgoorlie completed the required Project Management Plan (PMP) and was approved in July 2016. The PMP contains details on the mining method, trucking route, waste dump and office location and medical and Occupational Health and Safety requirements.

The company contracted the mining services of experienced individuals in Kalgoorlie and known to management, and utilized hire equipment from Kalgoorlie based on an hourly rate. The mining component will be completed by the end of September 2016 and milling of about 30,000 tonnes of Boorara ores through Greenfields will take about ten (10) days.



Figure 2: Trial pit blast hole drilling

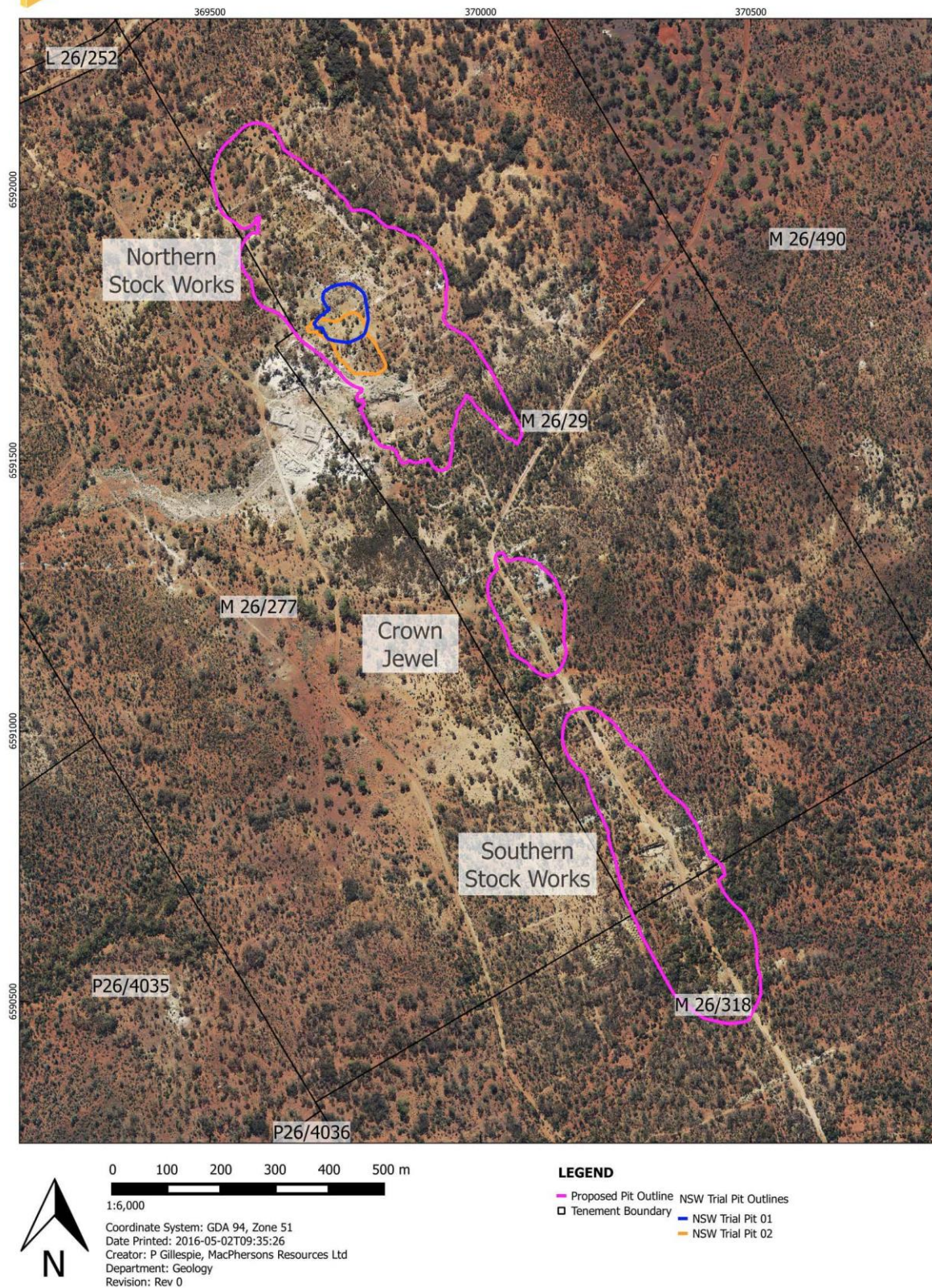


Figure 3: Trial pit location



Figure 4: Trial pit



Figure 5: Trial pit

Carbon-in-leach test work

The overall extraction achieved for the fresh, transition and softer oxide composites were 95.37%, 96.65% and 98.38% respectively.

The fresh or primary hard ore composites achieved 97.69% gold extraction from leaching the concentrate and 94.65% extraction from leaching the kneslon tail (gravity) separately.

The transition composites achieved 98.95% gold extraction from leaching the concentrate and 96.22% extraction from leaching the kneslon tail separately.

The fresh composites achieved 99.73% gold extraction from leaching the concentrate and 96.80% extraction from leaching the kneslon tail separately.

Based on the leach kinetics for the fresh and transition composites, it appears that the gold in the sample is still leaching after 48 hours. However, the leach kinetics indicate that majority of gold was leached within the first 24 hours and after that the leach kinetics slows down but seems to be leaching still.

The leach kinetics for the oxide composite indicates that the majority of gold was leached after 8 hours of leaching.

Heap Leach test work-Tucson, Arizona

The test work started in the first week of July with crushing and screening of all samples completed. The shallow NSW-Oxide (more competent) sample has been segregated and will be Stack-Tested and assayed independently.

This recognised laboratory for heap leach testing will complete the following:

1. Broadly, to calculate the amount of cement addition and impact on percolation rates over columns stacked as 6, 12, 18 and 24 metres. Cement and percolation are one of the more important operating cost factors for use in heap leach operations.
2. The laboratory will also complete four separate column tests for percolation on mineralisation within the oxide, transition, fresh and a blend of all rock types.

Based on the current plan, MacPherson's anticipates final results in late October.

Activity	Description	April		May				June					July				August				September				October			
		3	4	1	2	3	4	5	6	7	8	9	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
	Equipment Construction and modifications																											
1.0	Ore Inventory & Drying																											
2.0	PLT & Crushing																											
3.0	Screening (dry and wet) and SG																											
4.0	Pull Test Charges & Analytical																											
5.0	Bottle Roll Tests																											
6.0	Agglomeration Trials																											
7.0	Stacking Tests																											
	Initial Dissolution Tests																											
8.0	HydroMet Column Testing																											
	Solution Chemistry & Close Cycle Mngmnt																											
9.0	Reporting																											

Figure 6: Heap Leach Test Work Timetable

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 oz of silver, 78,000 oz 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.

A six-hole diamond drilling program was undertaken at the Boorara project to obtain samples for metallurgical test work. This involved drilling a total of 565m of PQ diamond core; holes were drilled down the plunge of mineralisation to maximize the length of mineralised intervals available for heap leach metallurgical test work. The drill hole azimuth of 135° used in all holes in this drill program is almost perpendicular to a mineralised quartz vein geometry seen at Boorara that strikes 040° and dips 30° to the NW. Ore mined from cross lode stopes at the historic Cataract underground mine that produced 30,785 ounces of gold strike 040° and dip at 30° to the NW.

The best intercept of the drill program was 41m @ 1.77 g/t gold that was from 44m in hole BODH 023.

In April 2016, 125 kilograms of diamond core was dispatched to Tucson Arizona, United States for heap leach test work.

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.

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 1: Nimbus High Grade Silver Lodes 3, 4, 5, 7

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

Table 2: Nimbus High Grade Silver Zinc Resource (Refer ASX Announcement 10 May 2016 for full details)

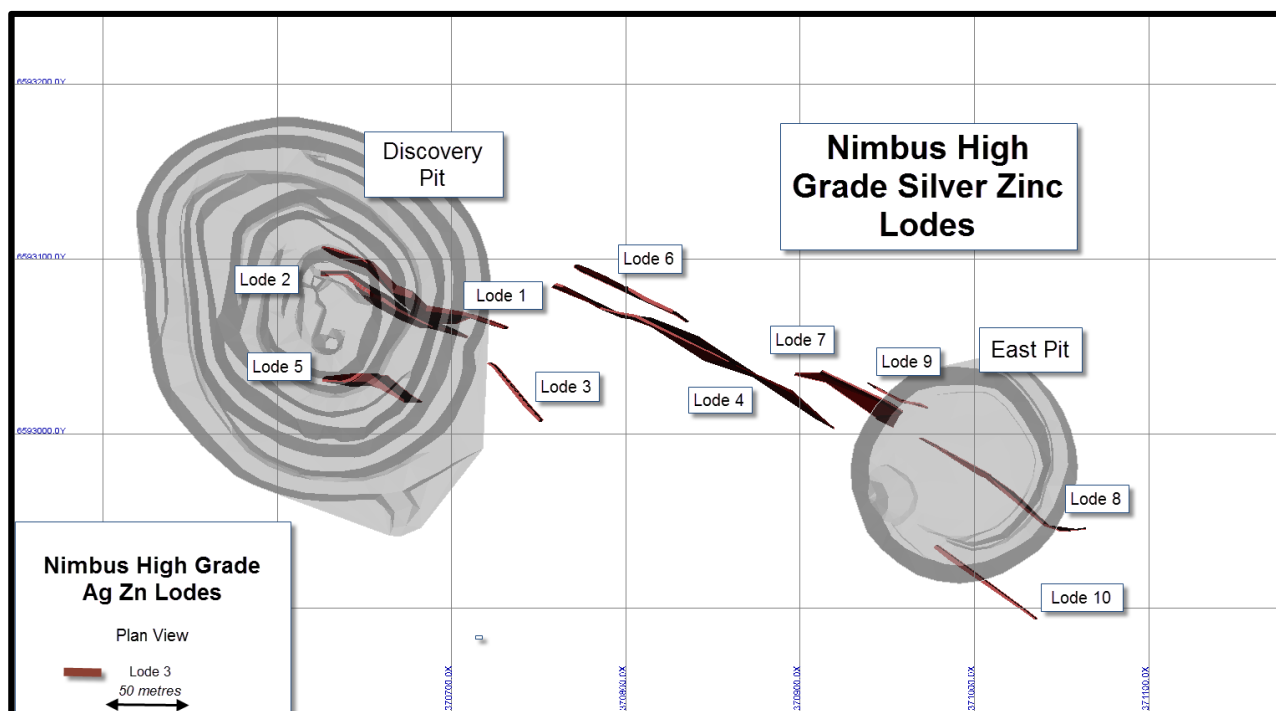


Figure 7: Nimbus High Grade Ag Zn Lodes, Plan View

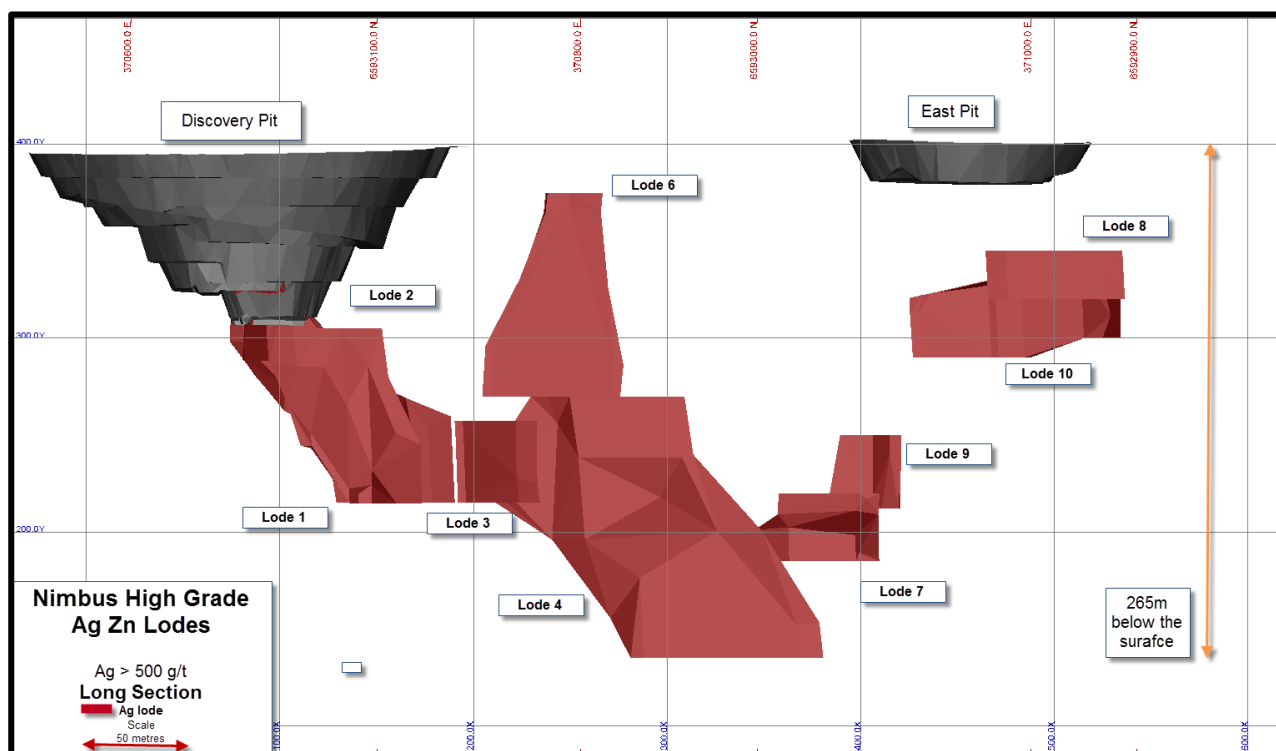


Figure 8: Nimbus High Grade Ag Zn Lodes, Long Section

2015 Nimbus Metallurgical test work

In 2015, the Company's initial metallurgical test work resulted in silver recoveries of up to 97.18% from a Nimbus silver-zinc concentrate successfully completing the first phase of its processing study for the Nimbus Project. This involved assessing flotation models to produce a saleable zinc concentrate followed by a Merrill-Crowe silver leach.

This test work examined options to leach silver from the zinc concentrate to potentially produce higher value, separate silver dore, and zinc concentrate product streams.

The metallurgical test work on concentrate samples involved a caustic boil after concentrate re-grind to P80-10 microns with silver leaching under low to high cyanide conditions with high pH conditions. Silver recoveries varied depending upon cyanide conditions with best recoveries from leaching under very high cyanide conditions (1,000 kg/t NaCN). The highest silver recovery from this test work was 97.18%. These levels of recovery are laboratory based using very high cyanide conditions (not commercial) however provides MacPhersons with encouragement that high recoveries are achievable.

One test was undertaken without the caustic boil under very high cyanide conditions (fine grind of P80-10 micron), high pH and achieved a recovery of 98.22%. Although this is only one sample, this test result gives MacPhersons confidence that high silver recoveries may be achieved without the need for the caustic boil step.

2016 Metallurgical test work

The current Nimbus metallurgical test work will focus 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.

On 7 June, MacPherson's dispatched 37 kg of RC chips to Peter Rohner at 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 will conduct a desktop review and then a preliminary leach test work to determine the likely silver dissolution program using each technology. The proposed test work involves three leach tests, namely,

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

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.

We anticipate in early November 2016 to receive the order of magnitude of operating and capital cost estimates, and evaluation of the technologies and success in separating silver and zinc, and the behavior of impurities.

Regional Exploration

Eleven air-core holes were drilled at the Beehive prospect for a total of 840 metres. The project lies north of Boorara gold project. Although no significant gold results were received from this phase of drilling, a dolerite unit (the host lithology at the Boorara Gold Deposit) was intercepted in a number of drill holes. The Beehive prospect remains a target for ongoing exploration.

Competent Person's Statement

The information in this report that relates to ore reserves, mineral resources and exploration results is based on information compiled by Mr Jeffrey Williams, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Jeffrey Williams is Managing Director 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 Williams 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.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the year other than as outlined in this report.

Meetings of Directors

During the year, 9 meetings of directors were held. Attendances by each director were as follows:

	Number eligible to attend	Number Attended
Ashok Parekh	9	9
Jeff Williams	9	9
Peter Rozenauers	9	8
Morrie Goodz	1	1

The Board of Directors also approved two (2) circular resolutions during the year ended 30 June 2016 which were signed by all Directors of the Company.

Interests in the shares and options of the Company

The following relevant interests in shares and options of the Company were held by the directors as at the date of this report.

Directors	Number of options over ordinary shares	Number of fully paid ordinary shares
Jeff Williams	Nil	4,000,000
Ashok Parekh	Nil	41,026,570
Peter Rozenauers	Nil	Nil

No share options of MacPhersons Resources Limited were granted to directors during or since the end of the financial year as part of their remuneration.

At the date of this report there are no unissued ordinary shares of the Company under option.

Significant events after reporting date

On 2 August 2016 the Company executed a Binding Heads of Agreement under which it was agreed to sell the Coolgardie Gold Project to Primary Gold Limited for \$10m. Full details of the proposed sale are included in Notes 20 and 22.

Other than as disclosed above, there has not been any matter or circumstance that has arisen after reporting date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

Environmental legislation

The Group is not subject to any significant environmental legislation.

Indemnifying Officers or Auditors

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or of a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings, or paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

Remuneration Report

This report outlines the remuneration arrangements in place for the key management personnel of MacPhersons Resources Limited (the "Company") for the financial year ended 30 June 2016. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Key Management Personnel

Directors

Ashok Parekh (Chairman)
 Jeff Williams (Managing Director)
 Peter Rozenauers
 Morrie Goodz (resigned 24 July 2015)

Executives

Brendan James (CEO 24 July 2015 to 2 May 2016)
 Stephen Hewitt-Dutton

Remuneration Philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration Committee

The Remuneration Committee is to assist the Board in establishing human resources and compensation policies and practices for the Directors (executive and non-executive) and senior executives, including retirement termination policies and practices, company share schemes and other incentive schemes, company superannuation arrangements and remuneration arrangements.

Remuneration Policy

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

The Company does not currently have an Employee Share Option Plan in place. The executive directors and executives receive a superannuation guarantee contribution required by the government, which during the 2016 financial year was currently 9.5%, and do not receive any other retirement benefits. All remuneration paid to directors and executives is valued at the cost to the Company and expensed.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$250,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

The objective of the Company's executive reward framework is set to attract and retain the most qualified and experienced directors and senior executives. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

Directors' fees

A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Bonuses

No bonuses were paid to key management personnel during the 2016 and 2015 year.

Performance based remuneration

The board may exercise discretion in relation to approving incentives, bonuses and options. This is in addition to cash remuneration.

Company performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options or Performance Rights to eligible directors and executives to encourage the alignment of personal and shareholder interests. The Company believes the policy will be effective in increasing shareholder wealth.

Remuneration of key management personnel

		Short-term employee benefits	Post- employment benefits		
		Salary & Fees \$	Super- annuation \$	Total \$	Performance Related %
Directors					
Ashok Parekh	2016	71,384	6,781	78,165	-%
	2015	163,197	13,336	176,533	-%
Jeff Williams	2016	89,647	6,577	96,224	-%
	2015	35,000	-	35,000	-%
Peter Rozenauers	2016	-	-	-	-%
	2015	-	-	-	-%
Brendan James	2016	155,491	-	155,491	-
	2015	-	-	-	-
Morrie Goodz	2016	34,491	-	34,491	-%
	2015	363,982	-	363,982	-%
Company Secretary					
Stephen Hewitt-Dutton	2016	70,099	-	70,099	-%
	2015	74,224	-	74,224	-%

During the 2015 year the directors all accepted reductions in their fees. Mr Parekh's fees were further reduced from \$100,000 to \$52,000 (plus superannuation) from November 2015. Details of Executive Agreements are shown below. Mr Williams' non-executive directors fees were reduced to \$35,000 per annum from 1 July 2014. Mr Williams' fees increased in the 2016 year following his appointment as Managing Director. Mr Rozenauers does not receive any fees in relation to his role as a non-executive director.

Mr Stephen Hewitt-Dutton was not in receipt of any remuneration or any other fees from MacPhersons Resources Limited during the 2016 and 2015 financial years. Mr. Hewitt-Dutton is an employee of Trident Management Services Pty Ltd, to which MacPhersons Resources Limited paid fees under a Service Agreement for the provision of accounting and company secretarial services. These fees are included above.

Transactions with key management personnel are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. These amounts are not included in the table of remuneration unless stated.

- The Group paid Goldfield Hotels Pty Ltd, a company associated with Mr Ashok Parekh, an amount of \$38,086 (2015: \$37,245) in relation to rent of the Group's premises at 109 Maritana Street, Kalgoorlie on normal commercial terms.
- The Group has paid the Palace Hotel, a business owned by Mr Ashok Parekh a total of \$4,367 (2015: \$10,331) for the provision of function rooms and accommodation and meals for staff. All amounts were provided on an arm's length basis.
- The Group has paid the Ashok Parekh & Co, a business owned by Mr Ashok Parekh a total of \$Nil (2015: \$22,812) for the provision of administrative services. These amounts are included in Mr Parekh's remuneration in the table on page 14. All amounts were provided on an arm's length basis.
- The Group paid BIM Metals Pty Ltd, a company associated with Mr Brendan James, and amount of \$41,004 (2015: \$Nil) in relation to consulting services provided to the Company by employees of BIM Metals Pty Ltd, other than Mr James, on normal commercial terms.
- The Group paid Robin Lonsdale, Mr Goodz' spouse, an amount of \$Nil (2015: \$2,915) as remuneration under an employment arrangement. Ms Lonsdale was employed by the Group as the Human Resources Manager on normal commercial terms.
- The Group paid Red Earth Relocations, a business associated with Ms Robin Lonsdale, Mr Morrie Goodz' spouse, \$Nil (2015: \$58,243) in relation to consultant human resources services provided to the Company and accommodation provided to staff. All amounts were provided on an arm's length basis.

- g) Goodz & Associates, a business controlled by Morrie Goodz has been providing geological services to MacPhersons Resources Limited. The company paid an amount of \$34,491 (30 June 2015: \$350,087) in consultancy and other fees for the financial year ended 30 June 2015 to Goodz & Associates on normal commercial terms. The amount is made up of payments for the following:

	2016 \$	2015 \$
Services of Mr Morrie Goodz ¹	34,491	338,490
Reimbursement of disbursements ²	-	11,597
Total	34,491	350,087

¹ Included in Mr Goodz remuneration in the Remuneration Report.

² Not included in Mr Goodz remuneration in the Remuneration Report

No other benefits have been received or are receivable by Directors or Director related entities, other than those already disclosed in the remuneration report and notes to the financial statements.

(a) Option holdings of Key Management Personnel

There were no options on issue to key management personnel during the year and as at reporting date.

(b) Shareholdings of Key Management Personnel

Ordinary shares held in MacPhersons Resources Limited (number)

30 June 2016	Balance at beginning of year	Granted as remuneration	On Exercise of Options	Net Change Other	Balance at time of resignation	Balance at end of year
Directors						
Ashok Parekh	41,026,570	-	-	-	-	41,026,570
Morrie Goodz	4,258,975	-	-	-	(4,258,975)	-
Jeffrey Williams	4,000,000	-	-	-	-	4,000,000
Peter Rozenauers	-	-	-	-	-	-
Executives						
Brendan James	-	-	-	-	-	-
Stephen Hewitt-Dutton	30,000	-	-	-	-	30,000
	49,315,545	-	-	-	(4,258,975)	45,056,570

30 June 2015	Balance at beginning of year	Granted as remuneration	On Exercise of Options	Net Change Other	Balance at end of year
Directors					
Ashok Parekh	34,776,570	-	-	6,250,000	41,026,570
Morrie Goodz	4,000,000	-	-	258,975	4,258,975
Jeffrey Williams	4,000,000	-	-	-	4,000,000
Peter Rozenauers	-	-	-	-	-
Executives					
Stephen Hewitt-Dutton	30,000	-	-	-	30,000
	42,806,570	-	-	6,508,975	49,315,545

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Service Agreements

The agreements related to remuneration are set out below:

- a) Ashok Parekh is engaged as Chairman of the Company and his appointment is not subject to a fixed term.

His remuneration package is made up of:

- annual salary of \$52,000 plus statutory superannuation.
- a cash or share bonus as determined by the Board from time to time.
- Mr Parekh has no special terms in relation to termination.

The employment agreement contains additional provisions considered standard in an agreement of this type.

- b) Jeffrey Williams is currently engaged as the Managing Director of the Company and his appointment is not subject to a fixed term.

His remuneration package is made up of:

- annual salary of \$175,000 plus statutory superannuation. Following the Board approving to proceed with development of any of the Company's projects and obtaining financing of the project, Mr Williams' salary will increase to \$250,000 plus statutory superannuation.
- an incentive by way of the issue of shares as determined by the Board from time to time.
- Mr Williams has no special terms in relation to termination.

The employment agreement contains additional provisions considered standard in an agreement of this type.

- c) The Company has entered into a service agreement with Trident Management Services Pty Ltd, whereby the Company has agreed to pay \$4,000 per month, plus an hourly amount for services outside the scope of the monthly retainer, for company secretarial services. The agreement was renewed for a further 12 months in March 2016. The Agreement may be renewed annually for 12 months unless either party gives at least 30 days prior written notice. The agreement may be terminated immediately for breach of the agreement, breach of confidentiality or insolvency. If the agreement is terminated immediately Trident Management Services Pty Ltd is entitled to be paid any fees accrued.
- d) In conjunction with Mr Goodz' resignation as a director of the Company on 24 July 2015 the Company negotiated the termination of the Consultancy Agreement with Goodz & Associates GMC Pty Ltd. The Company had entered into a consultancy agreement with Goodz & Associates GMC Pty Ltd ("Consultant"), whereby the Company has agreed to pay remuneration of \$31,792 per month, plus a vehicle or reasonable vehicle allowance, to Goodz & Associates GMC Pty Ltd to secure the services of Morrie Goodz, as Managing Director. The amount of remuneration was reduced to \$27,375 from 1 December 2014, and further reduced to \$18,250 from 1 May 2015. The payments were inclusive of all statutory entitlements. Goodz & Associates GMC Pty Ltd is an entity in which Mr Goodz has an interest.

Employee Share Option Plans

There has been no share based compensation to directors or executives during the current financial year.

Auditor Independence

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 audit of the financial report. This Independence Declaration is set out on page 19 and forms part of this directors' report for the year ended 30 June 2016.

Proceedings

No person has applied for leave of Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-Audit Services

Details of amounts paid or payable to the auditor during the year are detailed in Note 13 to the financial statements. No amounts were paid to the auditor for non-audit services.

Signed in accordance with a resolution of the directors.



ASHOK PAREKH
Chairman
Perth 30 September 2016

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of MacPhersons Resources Limited for the year ended 30 June 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
30 September 2016



N G Neill
Partner

**STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Consolidated 2016 \$	Consolidated 2015 \$
Revenue	2	147,348	260,250
Administration expense		(535,787)	(1,168,184)
Depreciation	9	(226,663)	(309,276)
Office and site office costs		(123,907)	(299,330)
Exploration expenditure		(1,578,806)	(5,061,021)
Employee benefits expenses		(726,654)	(2,753,146)
Loss on sale of assets		(5,007)	(1,715)
Impairment of exploration assets	10	(6,970,746)	-
Loss before income tax expense		(10,020,222)	(9,332,422)
Income tax benefit	3	3,268,000	2,028,693
Net loss for the year		(6,752,222)	(7,303,729)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(6,752,222)	(7,303,729)
Basic loss per share (cents per share)	5	(2.13)	(2.41)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	Consolidated 2016 \$	Consolidated 2015 \$
Current Assets			
Cash and cash equivalents	7	3,475,950	3,092,048
Trade and other receivables	8	230,796	364,111
		3,706,746	3,456,159
Assets classified as held for sale	23	9,540,000	-
Total Current Assets		13,246,746	3,456,159
Non-Current Assets			
Property, plant and equipment	9	5,618,387	5,973,722
Deferred exploration and evaluation expenditure	10	7,590,817	23,939,968
Total Non-Current Assets		13,209,204	29,913,690
Total Assets		26,455,950	33,369,849
Current Liabilities			
Trade and other payables	11	384,497	548,747
Employee entitlements	12	18,792	24,885
Total Current Liabilities		403,289	573,632
Non-Current Liabilities			
Employee entitlements	12	8,905	239
Total Non-Current Liabilities		8,905	239
Total Liabilities		412,194	573,871
Net Assets		26,043,756	32,795,978
Equity			
Issued capital	14	76,452,843	76,452,843
Accumulated losses	15	(50,409,087)	(43,656,865)
Total Equity		26,043,756	32,795,978

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Consolidated 2016 \$	Consolidated 2015 \$
Cash flows from operating activities			
Payments to suppliers and employees		(2,983,680)	(9,193,712)
Research and development grant received		3,268,000	2,028,693
Interest received		95,572	136,402
Other receipts		41,940	130,850
Net cash (used in) operating activities	7	421,832	(6,897,767)
Cash flows from investing activities			
Purchase of property plant & equipment		(46,112)	(779,678)
Proceeds on sale of property, plant & equipment		8,182	1,936
Net cash (used in) investing activities		(37,930)	(777,742)
Cash flows from financing activities			
Proceeds from the issue of shares		-	8,824,220
Payment of share issue costs		-	(185,754)
Net cash provided by financing activities		-	8,638,466
Net increase in cash and cash equivalents		383,902	962,957
Cash and cash equivalents at beginning of year		3,092,048	2,129,091
Cash and cash equivalents at end of year	7	3,475,950	3,092,048

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

Consolidated	Note	Issued Capital	Accumulated Losses	Total Equity
		\$	\$	\$
Balance at 30 June 2015		76,452,843	(43,656,865)	32,795,978
Total comprehensive loss for the year		-	(6,752,222)	(6,752,222)
Balance at 30 June 2016		76,452,843	(50,409,087)	26,043,756

Consolidated	Note	Issued Capital	Accumulated Losses	Total Equity
		\$	\$	\$
Balance at 30 June 2014		66,891,250	(36,353,136)	30,538,114
Total comprehensive loss for the year		-	(7,303,729)	(7,303,729)
Share based payments	14	923,127	-	923,127
Shares issued during the year	14	8,824,220	-	8,824,220
Less: capital raising costs	14	(185,754)	-	(185,754)
Balance at 30 June 2015		76,452,843	(43,656,865)	32,795,978

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report has also been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The company is a listed public company, incorporated in Australia. The entity's principal activities are to explore and evaluate various mineral exploration projects.

(b) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 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 the current annual reporting period.

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 company accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2016. As a result of this review the Directors have determined 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 necessary to Group accounting policies.

(c) Statement of Compliance

The financial report was authorised for issue on 30 September 2016.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MacPhersons Resources Limited ('company' or 'parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. MacPhersons Resources Limited and its subsidiaries are referred to in this financial report as the Group or the consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations have been accounted for using the acquisition method of accounting (refer note 1(t)).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(e) Critical accounting judgments and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Exploration expenditure

The recoverability of the carrying amount of exploration and evaluation expenditure carried forward forward is dependent on the future successful outcome from exploration activity or alternative the sale of the respective area of interest. Where exploration results are unsuccessful, or no further work is to be undertaken, the directors will then assess whether an impairment write-down is required, which will be recognised in the statement of comprehensive income.

(f) Foreign Currency Translation

Both the functional and presentation currency of MacPhersons Resources Limited is Australian dollars.

(g) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(h) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be recognised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recognised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is recognised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority

Tax consolidation legislation

MacPhersons Resources Limited and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

MacPhersons Resources Limited recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated Group.

Research and development grant

Amounts received under research and development tax incentive scheme are recognised in full as an income tax benefit in the period in which the amount becomes receivable.

(i) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(j) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group's of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(k) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(l) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the company.

The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is shown in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(m) Exploration and evaluation

Exploration and evaluation costs including costs of studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities along with those for general and administrative costs are expensed in the period they are incurred. Acquisition costs of acquiring licences will be assessed on a case by case basis and, if appropriate, will be capitalised. Those acquisition costs are carried forward when the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - b) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(n) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Property improvements	2.5% per annum
Plant and equipment	8% to 40% per annum

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each balance date.

(i) Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

Impairment losses are recognised in the statement of comprehensive income.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(o) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(p) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(q) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(r) Earnings per share

Basic earnings/(loss) per share is calculated as net profit/(loss) attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/(loss) per share is calculated as net profit/(loss) attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

(t) Share-based Payment Transactions

(i) Equity settled transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The Group does not currently have an Employee Share Option Plan (ESOP).

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of MacPhersons Resources Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(u) Parent Entity Financial Information

The financial information for the parent entity, MacPhersons Resources Limited, disclosed in note 22 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of MacPhersons Resources Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2: REVENUE AND EXPENSES

	Consolidated 2016 \$	Consolidated 2015 \$
Included in the net loss for the year are the following revenue and expense items:		
(a) Revenue		
Interest received or receivable	105,408	129,400
Other revenue	41,940	130,850
	147,348	260,250
(b) Exploration Expenses		
Consultancy fees	335,137	1,099,145
Metallurgical testwork	444,493	154,490
Hire of plant & equipment	29,432	78,259
Drilling costs	317,309	2,230,496
Materials & mining supplies	5,462	57,467
Tenement rent and rates	213,398	200,533
Contract labour	1,929	13,380
Assays and sampling	84,742	713,948
Surveying	15,662	351,782
Other exploration	131,242	161,521
	1,578,806	5,061,021
(c) Other Expenses		
Auditor's remuneration	33,545	34,901
Advertising and sponsorships	19,496	140,822
Travel and accommodation	37,145	100,004

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: INCOME TAX

	Consolidated 2016 \$	Consolidated 2015 \$
(a) Income tax benefit		
Current tax	3,268,000	2,028,693
Deferred tax	-	-
	<u>3,268,000</u>	<u>2,028,693</u>
(b) The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:		
Loss before tax	(10,020,222)	(9,332,422)
	<u>3,006,067</u>	<u>2,799,727</u>
Prima facie tax benefit on loss at 30%		
Less:		
Tax effect of:		
- Other non-allowable items	(659)	(224,425)
Unused tax benefit not recognised as deferred tax asset	(3,080,757)	(2,751,840)
	<u>(3,081,416)</u>	<u>(2,976,265)</u>
Add:		
Tax effect of:		
Capital raising costs	75,349	176,539
Research and development grant	3,268,000	2,028,693
	<u>(3,343,349)</u>	<u>(2,205,232)</u>
Income tax benefit	<u>3,268,000</u>	<u>2,028,693</u>
	Consolidated 2016 \$	Consolidated 2015 \$
(c) The following deferred tax balances at 30% have not been recognised:		
Deferred Tax Assets at 30% (2015: 30%):		
Carry forward revenue losses	17,679,405	18,679,062
Capital raising costs	84,140	159,489
Deductible temporary differences	62,094	89,684
	<u>17,825,639</u>	<u>18,928,235</u>

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

- (a) assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
- (b) conditions for deductibility imposed by the law are complied with; and
- (c) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated 2016 \$	Consolidated 2015 \$
Deferred tax liabilities:		
At 30% (2015: 30%)		
Accrued income	6,205	3,283
Assets held for sale	2,813,522	-
Capitalised exploration	2,082,059	6,827,839
	4,901,786	6,831,122

The above deferred tax liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the deferred tax asset has not been recognised.

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the company can utilise the benefits thereof.

Tax Consolidation

MacPhersons Resources Limited and its 100% owned Australian resident subsidiaries have resolved to consolidate under the tax consolidation legislation. The accounting policy for the implementation of the tax consolidation legislation is set out in note 1(h).

NOTE 4: SEGMENT REPORTING

AASB 8 *Operating Segments* requires operating segments to be 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 Group are determined upon analysis of these internal reports. During the year, the Group operated predominantly in one segment being the mineral 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 5: LOSS PER SHARE

Basic loss per share:

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share, are as follows:

	Consolidated 2016 \$	Consolidated 2015 \$
Loss for the year	(6,752,222)	(7,303,729)
	Number	Number
Weighted average number of ordinary shares	317,166,611	303,327,511

The Company has not disclosed diluted earnings per share as the effect of potential ordinary shares is to decrease the loss per share.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 6: DIVIDENDS

No dividends were declared or paid during the year.

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated 2016 \$	Consolidated 2015 \$
Cash at bank	847,210	491,959
Cash on term deposit	2,628,740	2,600,089
	3,475,950	3,092,048

Cash at bank earns interest at variable rates based on daily bank deposit rates. Term deposits have varying maturities and are matched to the Group's cash requirements.

The Group was not party to any borrowing facilities for the year ended 30 June 2016.

All cash was available for use, and no restrictions were placed on the use of cash at any time during the year.

(i) Reconciliation of net loss for the year after income tax to net cash used in operating activities

	Consolidated 2016 \$	Consolidated 2015 \$
Net loss for the year	(6,752,222)	(7,303,729)
Adjustments for:		
Non-cash expenses – depreciation	226,663	309,276
Non-cash expenses – impairment of deferred exploration and evaluation expenditure	6,970,746	-
Share based payments	-	743,688
Decrease in debtors	129,257	16,674
Decrease/(Increase) in prepayments	13,893	37,665
(Increase)/Decrease in interest receivable	(9,836)	7,003
Decrease in creditors	(143,250)	(511,193)
Decrease in accruals	(21,000)	(106,519)
Increase/(Decrease) in employee entitlements	2,574	(92,347)
Loss on sale of fixed assets	5,007	1,715
Net cash (used in) operating activities	421,832	(6,897,767)

Non-cash financing and investing activities

The company did not engage in any non-cash financing activities for the year ended 30 June 2016 by the issue of shares.

The company engaged in the following non-cash financing activities for the year ended 30 June 2015 by the issue of shares:

- Payment for drilling services.
- Acquisition of tenements (refer note 10).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 8: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated 2016 \$	Consolidated 2015 \$
Prepayments	15,907	29,800
Interest receivable	20,683	10,847
GST recoverable	188,496	255,880
Sundry debtors	5,710	67,584
	<u>230,796</u>	<u>364,111</u>

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

Consolidated	Motor Vehicles \$	Property Improvements \$	Plant & Equipment \$	Processing Plant \$	Total \$
Year ended 30 June 2016					
Opening balance at 1 July 2015	115,685	385,250	519,819	4,952,968	5,973,722
Additions	-	499	3,501	42,112	46,112
Disposals	(13,189)	-	-	-	(13,189)
Assets classified as held for sale	-	(141,007)	(20,588)	-	(161,595)
Depreciation charge for the year	(26,408)	(32,181)	(112,397)	(55,677)	(226,663)
At 30 June 2016, net of accumulated depreciation and impairment	<u>76,088</u>	<u>212,561</u>	<u>390,335</u>	<u>4,939,403</u>	<u>5,618,387</u>
At 30 June 2016					
Cost					6,930,149
Accumulated depreciation and impairment					<u>(1,311,762)</u>
Net carrying amount					<u>5,618,387</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Consolidated	Motor Vehicles	Property Improvements	Plant & Equipment	Processing Plant	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2015					
Opening balance at 1 July 2014	142,380	428,082	635,932	4,350,578	5,556,972
Additions	17,268	-	43,816	668,594	729,678
Disposals	(2,294)	-	(1,358)	-	(3,652)
Depreciation charge for the year	(41,669)	(42,832)	(158,571)	(66,204)	(309,276)
At 30 June 2015, net of accumulated depreciation and impairment	115,685	385,250	519,819	4,952,968	5,973,722

At 30 June 2015

Cost	7,229,773
Accumulated depreciation and impairment	(1,256,051)
Net carrying amount	5,973,722

NOTE 10: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in the following phases:

Exploration and evaluation phase – at cost

	Consolidated 2016 \$	Consolidated 2015 \$
Balance at beginning of period	23,939,968	23,760,527
Coolgardie Gold Project transferred to assets held for sale (Note 23)	(9,378,405)	-
Impairment charge	(6,970,746)	-
Acquisition of tenements	-	179,441
Total deferred exploration and evaluation expenditure	7,590,817	23,939,968

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.

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 is to reduce the carrying value of the Coolgardie Gold Project to its net realisable value as established by the sale to Primary Gold Limited (Note 23).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 11: TRADE AND OTHER PAYABLES

	Consolidated 2016 \$	Consolidated 2015 \$
CURRENT		
Trade payables (i)	284,833	259,701
Accruals	20,000	41,000
Other creditors	79,664	248,046
	<u>384,497</u>	<u>548,747</u>

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

NOTE 12: EMPLOYEE ENTITLEMENTS

CURRENT		
Annual leave	18,792	24,885
NON-CURRENT		
Long service leave provision	8,905	239

NOTE 13: REMUNERATION OF AUDITORS

Amounts received or due and receivable by HLB Mann Judd for:

An audit or review of the financial report of the entity and any other entity in the Group

33,544	34,901
<u>33,544</u>	<u>34,901</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 14: ISSUED CAPITAL

	Consolidated 2016 \$	Consolidated 2015 \$
Ordinary shares issued and fully paid	76,452,843	76,452,843

	2016		2015	
	No.	\$	No.	\$
<i>Movement in ordinary shares on issue</i>				
Opening balance	317,166,611	76,452,843	253,995,063	66,891,250
Placement	-	-	55,151,375	8,824,220
- Issue costs	-	-	-	(185,754)
Shares issued – Acquisition of tenements	-	-	1,834,536	179,440
Shares issued – Extinguish zinc royalty	-	-	-	-
Shares issued – Drilling services	-	-	5,429,233	660,767
Shares issued to employees under contract of employment	-	-	756,404	82,920
Balance at end of financial year	317,166,611	76,452,843	317,166,611	76,452,843

NOTE 15: ACCUMULATED LOSSES

	Consolidated 2016 \$	Consolidated 2015 \$
Movements in accumulated losses were as follows:		
Opening balance	(43,656,865)	(36,353,136)
Net loss for the year	(6,752,222)	(7,303,729)
Balance at end of financial year	(50,409,087)	(43,656,865)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 16: FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The Group did not enter into or trade financial instruments, including derivatives financial instruments, for speculative purposes. The use of financial derivatives was governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives. Compliance with policies and exposures limits is reviewed by the directors on a continuous basis.

Exposure to credits, interest rate and currency risks arises in the normal course of the Group's business.

(b) Credit Risk

Credit risk arises from cash and cash equivalents, deposits held with banks and financial institutions as well as credit exposures to counterparties through the potential failure of counterparties to meet their obligations at maturity of contracts. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations will be performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

At the reporting date there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Group held the following financial instruments as at 30 June 2016 and 30 June 2015:

2016 - Consolidated	Floating interest rate	Non-interest bearing	Fixed interest rate maturing in: 1 year or less	Total carrying amount	Weighted average effective interest rate
	2016	2016	2016	2016	2016
Financial Instruments	\$	\$	\$	\$	%
Financial assets					
Cash at bank	847,210	-	-	847,210	0.91
Term deposits	-	-	2,628,740	2,628,740	2.96
Receivables	-	230,796	-	230,796	-
Total financial assets	847,210	230,796	2,628,740	3,706,746	-
Financial liabilities					
Creditors & borrowings	-	384,497	-	384,497	-
Total financial liabilities	-	384,497	-	384,497	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2015 - Consolidated	Floating interest rate	Non-interest bearing	Fixed interest rate maturing in: 1 year or less	Total carrying amount	Weighted average effective interest rate
	2015	2015	2015	2015	2015
Financial Instruments	\$	\$	\$	\$	%
Financial assets					
Cash at bank	491,959	-	-	491,959	1.27
Term deposits	-	-	2,600,089	2,600,089	2.96
Receivables	-	364,111	-	364,111	-
Total financial assets	491,959	364,111	2,600,089	3,456,159	-
Financial liabilities					
Creditors & borrowings	-	548,747	-	548,747	-
Total financial liabilities	-	548,747	-	548,747	-

(c) Capital risk

MacPhersons Resources Limited's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's equity management is determined by funds required to undertake exploration activities and meet its corporate and other costs.

(d) Liquidity risk

Maturity profile of financial instruments

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Group's exposure to the risk of changes in market interest rates relate primarily to cash assets and floating interest rates.

The directors monitor the cash-burn rate of the company on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

As at reporting date the Group had sufficient cash reserves to meet its requirements. The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 day terms of creditor payments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(e) Interest Rate Risk Sensitivity

The sensitivity analysis below has been determined on the exposure to interest rates for non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

At balance date, if the interest rates had been 50 basis points higher or lower and all other variables were held constant, the company's net loss would decrease by \$17,203 (2015: \$15,082) and increase by \$17,203 (2015: \$15,082) respectively. This is attributable to the Group's exposure to interest rates on its cash deposits.

(f) Fair value estimation

AASB 7 *Financial Instruments: Disclosures* require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment allowance of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

The Group's principle financial instruments consist of cash and deposits with banks, accounts receivable, trade payables and loans payable. The main purpose of these non-derivative financial instruments is to finance the Group's operations.

NOTE 17: RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of MacPhersons Resources Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest		Investment	
		2016	2015	2016 \$	2015 \$
MacPhersons Reward Pty Ltd ¹	Australia	100%	100%	9,540,000	13,995,409
Kalgoorlie Ore Treatment Company Pty Ltd	Australia	100%	100%	4,500,000	4,500,000
Polymetals (WA) Pty Ltd	Australia	100%	100%	3,000,000	3,000,000

MacPhersons Resources Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Note 1: The Company's investment in MacPhersons Reward Pty Ltd is currently classified as held for sale (Notes 20 and 23).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. These amounts have not been included in the table of remuneration included Remuneration Report unless otherwise stated.

- a) The Group paid Goldfield Hotels Pty Ltd, a company associated with Mr Ashok Parekh, an amount of \$38,087 (2015: \$37,245) in relation to rent of the Group's premises at 109 Maritana Street, Kalgoorlie on normal commercial terms.
- b) The Group has paid the Palace Hotel, a business owned by Mr Ashok Parekh a total of \$4,367 (2015: \$10,331) for the provision of function rooms and accommodation and meals for staff. All amounts were provided on an arm's length basis.
- c) The Group has paid the Ashok Parekh & Co, a business owned by Mr Ashok Parekh a total of \$Nil (2015: \$129,331) for the provision of administrative services. All amounts were provided on an arm's length basis.
- d) Goodz & Associates, a business controlled by Morrie Goodz has been providing geological services to MacPhersons Resources Limited. The company paid an amount of \$34,491 (30 June 2015: \$350,087) in consultancy and other fees for the financial year ended 30 June 2016 to Goodz & Associates on normal commercial terms. The amount is made up of payments for the following:

	2016 \$	2015 \$
Services of Mr Morrie Goodz ¹	34,491	338,490
Reimbursement of disbursements ²	-	11,597
Total	34,491	350,087

¹ Included in Mr Goodz remuneration in the Remuneration Report.

² Not included in Mr Goodz remuneration in the Remuneration Report

- e) The Group paid Robin Lonsdale, Mr Goodz' spouse, an amount of \$Nil (2015: \$2,915) as remuneration under an employment arrangement. Ms Lonsdale was employed by the Group as the Human Resources Manager on normal commercial terms.
- f) The Group paid Red Earth Relocations, a business associated with Ms Robin Lonsdale, Mr Morrie Goodz' spouse, \$Nil (2015: \$58,242) in relation to consultant human resources services provided to the Company and accommodation provided to staff. All amounts were provided on an arm's length basis.

No other benefits have been received or are receivable by Directors or Director related entities, other than those already disclosed in the remuneration report and notes to the financial statements.

NOTE 19: COMMITMENTS AND CONTINGENCIES

Exploration commitments

Future minimum commitments in relation to exploration and mining tenements as at the balance date are as follows:

	2016 \$	2015 \$
Payable		
Within one year	1,074,609	1,174,815
After one but no more than five years	2,837,428	2,773,701
More than five years	5,720,610	5,615,754
	9,632,647	9,564,270

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 20: EVENTS AFTER THE REPORTING DATE

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 is to be effected through the sale of the Company's 100% owned subsidiary MacPhersons Reward Pty Ltd.

The details of the Agreement are:

The parties agree to negotiate in good faith the Formal Agreement with a view to executing the Formal Agreement as soon as possible following execution of the Agreement.

The Agreement is conditional on satisfying all the clauses outlined below:

- MacPhersons and Primary shareholders providing all required approvals for the transaction;
- All necessary governmental consents and approvals to the matters set out in the Agreement under the Mining Act;
- MacPhersons must obtain all necessary consents and waivers (including a consent and waiver from royalty owners) to proceed with the Acquisition, including entry into any assignment or novation deeds with any required third parties;
- The tenements comprising the Assets will be free of all liabilities, mortgages and other encumbrances except for the Environment Liabilities (as defined in the Mine Closure Plan) and the royalties which will be listed in the Formal Agreement.

Cash payments are to be made to MacPhersons as follows:

- Primary pay MacPhersons a deposit of A\$0.5m in cash within 2 business days of signing the Agreement;
- On Completion under the Formal Agreement, Primary pay A\$1.5m to MacPhersons;
- Six (6) months from Completion, Primary pay A\$1.5m to MacPhersons;
- 12 months from Completion, Primary pay the final cash payment of A\$1.5m to MacPhersons;
- MacPhersons will have a lien (or mortgage) over the Assets.

The issue of Primary Shares to MacPhersons are as follows:

- The 40 million shares at an issue price of 12.5 cents per share.
- The Shares will be escrowed in three equal tranches over the 12 months from Completion:
 - One third of the Primary ordinary shares or 13,333,333 will be escrowed for six (6) months;
 - The second tranche of Primary shares of 13,333,333 will be escrowed for nine (9) months, and
 - The final tranche of 13,333,334 Primary shares will be escrowed for 12 months.

Other than as disclosed, there are no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

NOTE 21: KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) Directors

Ashok Parekh	Chairman (Executive)
Jeffrey Williams	Director (Managing Director)
Peter Rozenauers	Director (non-executive)
Morrie Goodz	Managing Director (resigned 24 July 2015)

(ii) Executives

Brendan James	Chief Executive Officer (24 July 2015 to 2 May 2016)
Stephen Hewitt-Dutton	Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(b) Remuneration of Key Management Personnel

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report. Total remuneration paid to key management personnel is as follows:

	2016 \$	2015 \$
Short term benefits	421,112	636,403
Post employment benefits	13,358	13,336
	<u>434,470</u>	<u>649,739</u>

NOTE 22: PARENT ENTITY DISCLOSURES

Financial position

	2016 \$	2015 \$
Assets		
Current assets	15,768,175	8,824,575
Non-current assets	10,687,777	24,357,508
Total assets	<u>26,455,952</u>	<u>33,182,083</u>
Liabilities		
Current liabilities	403,290	406,320
Non-current liabilities	8,906	238
Total liabilities	<u>412,196</u>	<u>406,558</u>
Equity		
Issued capital	76,402,842	76,402,842
Accumulated losses	(50,359,086)	(43,627,317)
	<u>26,043,756</u>	<u>32,775,525</u>

Financial performance

	2016 \$	2015 \$
Loss for the year	(6,731,769)	(7,295,955)
Other comprehensive income	-	-
Total comprehensive loss	<u>(6,731,769)</u>	<u>(7,295,955)</u>

Commitments

The parent entity's commitments at 30 June 2016 were \$Nil (2015: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 23: 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 is to be effected through the sale of the Company's 100% owned subsidiary MacPhersons Reward Pty Ltd. Further details of the sale are contained in Note 20.

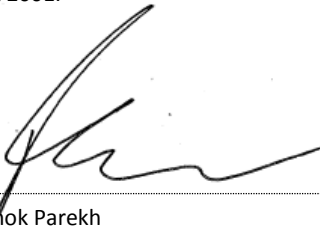
The following assets were reclassified as held for sale in relation to the Coolgardie Gold Project:

	2016
	\$
Assets	
Property, plant and equipment	161,595
Deferred exploration and evaluation expenditure	9,378,405
Total assets held for sale	<u>9,540,000</u>
 Net sale proceeds	
Sale consideration	10,000,000
Costs of sale	(460,000)
Net sale proceeds	<u>9,540,000</u>

DIRECTORS' DECLARATION

1. In the opinion of the directors of MacPhersons Resources Limited ('the company'):
 - a. The financial statements and notes thereto, as set out on pages 20 to 45 are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance the year then ended; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements; and
 - b. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
 - c. The financial statements and note thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made by the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

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

Dated 30 September 2016

INDEPENDENT AUDITOR'S REPORT

To the members of MacPhersons Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of MacPhersons Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of MacPhersons Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of MacPhersons Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 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 'N G Neill'.

**N G Neill
Partner**

**Perth, Western Australia
30 September 2016**

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for establishing the Company's corporate governance framework, the key features of which are set out below. In establishing its corporate governance framework, the Board has referred to the 3rd edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

The corporate governance statement set out below discloses the extent to which the Company follows the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at www.mrpsources.com.au, under the section marked "Corporate Governance":

- (a) Board Charter;
- (b) Board Performance Evaluation Policy;
- (c) Code of Conduct;
- (d) Audit Committee Charter;
- (e) Remuneration and Nomination Committee Charter;
- (f) Security Trading Policy;
- (g) Continuous Disclosure Policy;
- (h) Shareholder Communication and Investor Relations Policy;
- (i) Risk Committee Charter;
- (j) Risk Management Policy; and
- (k) Diversity Policy.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management, and has documented this in its Board Charter.

The responsibilities of the Board include but are not limited to:

- (a) setting and reviewing strategic direction and planning;
- (b) reviewing financial and operational performance;
- (c) identifying principal risks and reviewing risk management strategies; and
- (d) considering and reviewing significant capital investments and material transactions.

In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, shareholders, co-ventures, the government and the community.

The Board has delegated responsibility for the business operations of the Company to the Chief Executive Officer. The Chief Executive Officer is accountable to the Board.

Recommendation 1.2

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect a director.

The checks which are undertaken, and the information provided to shareholders, are set out in the Company's Remuneration and Nomination Committee Charter.

Recommendation 1.3

The Company has a written agreement with each of the Directors and senior executives setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Chief Executive Officer, any of its directors, and any other person or entity who is a related party of the Chief Executive Officer

or any of its directors will be disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for the application of best practice in corporate governance and also supports the effectiveness of the Board by:

- (a) ensuring a good flow of information between the Board, its committees, and Directors;
- (b) monitoring policies and procedures of the Board;
- (c) advising the Board through the Chairman of corporate governance policies; and
- (d) conducting and reporting matters of the Board, including the despatch of Board agendas, briefing papers and minutes.

Recommendation 1.5

The Company has a Diversity Policy, the purpose of which is:

- (a) to outline the Company's commitment to creating a corporate culture that embraces diversity and, in particular, focuses on the composition of its Board and senior management; and
- (b) to provide a process for the Board to determine measurable objectives and procedures which the Company will implement and report against to achieve its diversity goals.

The Board intends to set measurable objectives for achieving diversity, specifically including gender diversity and will review and report on the effectiveness and relevance of these measurable objectives. However, due to the current size of the Board and management, these measurable objectives have not yet been set.

Recommendation 1.6

The Managing Director will be responsible for evaluating the performance of the Company's senior executives in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board.

The Chair will be responsible for evaluating the performance of the Company's Managing Director in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board.

During the current reporting period, the Company has not conducted an evaluation of the Managing Director. An evaluation of the Managing Director's performance since his appointment on 2 May 2016 will be conducted prior to 31 December 2016.

Recommendation 1.7

The Chair will be responsible for evaluating the performance of the Board, Board committees and individual directors in accordance with the process disclosed in the Company's Board performance evaluation policy.

This policy is to ensure:

- (a) individual Directors and the Board as a whole work efficiently and effectively in achieving their functions;
- (b) the executive Directors and key executives execute the Company's strategy through the efficient and effective implementation of the business objectives; and
- (c) committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in the board charter.

This policy will be reviewed annually.

The Company will report on whether an evaluation of the Board, its committees and individual directors has taken place in the relevant reporting period, and whether the process was in accordance with the process disclosed, in each of its corporate governance statements.

Principle 2: Structure the board to add value**Recommendation 2.1**

Due to the size of the Board, the Company does not have a separate nomination committee. The roles and responsibilities of a nomination committee are currently undertaken by the Board.

The duties of the full Board in its capacity as a nomination committee are set out in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website.

When the Board meets as a remuneration and nomination committee it carries out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter. Items that are usually required to be discussed by a Remuneration and Nomination Committee are marked as separate agenda items at Board meetings when required.

The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of a Nomination Committee and is disclosed on the Company's website.

Recommendation 2.2

The mix of skills and diversity which the Board is looking to achieve in its composition is:

- (a) a broad range of business experience; and
- (b) technical expertise and skills required to discharge duties.

Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles and Recommendations.

Currently the Board is structured as follows:

- (a) Ashok Parekh (Non-executive Chairman);
- (b) Jeff Williams (Managing Director); and
- (c) Peter Rozenauers (Non-executive Director);

Mr Parekh, who is a non-independent, non-executive chairman, was appointed to the Board on 9 September 2009. Mr Jeff Williams was appointed to the Board on 20 January 2010. Mr Rozenauers has been a director of the Company since 18 August 2014. He is an employee of Orion Resource Partners, a substantial shareholder, and accordingly, is also not independent.

Recommendation 2.4

Currently, the Board considers that membership weighted towards relevant expertise is appropriate at this stage of the Company's operations. Accordingly, the Board does not have a majority of independent directors.

Recommendation 2.5

As noted above, Mr Parekh is not an independent Chairman. Mr Parekh is considered to be the most appropriate person to Chair the Board because of his relevant experience.

Recommendation 2.6

It is a policy of the Company, that new Directors undergo an induction process in which they are given a full briefing on the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

Principle 3: Act ethically and responsibly**Recommendation 3.1**

The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility. The Company has established a Code of Conduct (**Code**), which addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. It may be amended from time to time by the Board, and is disclosed on the Company's website.

The Code applies to all Directors, employees, contractors and officers of the Company.

The Code will be formally reviewed by the Board each year.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1

Due to the size of the Board, the Company does not have a separate Audit Committee. The roles and responsibilities of an audit committee are undertaken by the Board.

The full Board in its capacity as the audit committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The duties of the full Board in its capacity as the audit committee are set out in the Company's Audit Committee Charter which is available on the Company's website.

When the Board meets as an audit committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee and is disclosed on the Company's website.

Recommendation 4.2

Before the Board approves the Company financial statements for each financial period it will receive from the Managing Director and the Chief Financial Officer or equivalent a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3

Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the audit report is considered, and does not arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. Each year, the Company will write to the Company's auditor to inform them of the date of the Company's annual general meeting. In accordance with section 250S of the Corporations Act, at the Company's annual general meeting where the Company's auditor or their representative is at the meeting, the Chair will allow a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit. The Chair will also allow a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

The Company is committed to:

- (a) ensuring that shareholders and the market are provided with full and timely information about its activities;
- (b) complying with the continuous disclosure obligations contained in the Listing Rules and the applicable sections of the Corporations Act; and
- (c) providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

The Company has adopted a Disclosure Policy, which is disclosed on the Company's website. The Disclosure Policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules, and addresses

financial markets communication, media contact and continuous disclosure issues. It forms part of the Company's corporate policies and procedures and is available to all staff.

The Managing Director manages the policy. The policy will develop over time as best practice and regulations change and the Company Secretary will be responsible for communicating any amendments. This policy will be reviewed by the Board annually.

Principle 6: Respect the rights of security holders

Recommendation 6.1

The Company provides information about itself and its governance to investors via its website at www.mrpresources.com.au. The Company is committed to maintaining a Company website with general information about the Company and its operations and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by ASX, the following will be posted to the Company website:

- (a) relevant announcements made to the market via ASX;
- (b) media releases;
- (c) investment updates;
- (d) Company presentations and media briefings;
- (e) copies of press releases and announcements for the preceding three years; and
- (f) copies of annual and half yearly reports including financial statements for the preceding three years.

Recommendation 6.2

The Company has a Shareholder Communication and Investor Relations Policy which aims to ensure that Shareholders are informed of all major developments of the Company. The policy is disclosed on the Company's website.

Information is communicated to Shareholders via:

- (a) reports to Shareholders;
- (b) ASX announcements;
- (c) annual general meetings; and
- (d) the Company website.

This Shareholder Communication and Investor Relations policy will be formally reviewed by the Board each year. While the Company aims to provide sufficient information to Shareholders about the Company and its activities, it understands that Shareholders may have specific questions and require additional information. To ensure that Shareholders can obtain all relevant information to assist them in exercising their rights as Shareholders, the Company has made available a telephone number and relevant contact details (via the website) for Shareholders to make their enquiries.

Recommendation 6.3

The Board encourages full participation of Shareholders at meetings to ensure a high level of accountability and identification with the Company's strategies and goals.

However, due to the size and nature of the Company, the Board does not consider a policy outlining the policies and processes that it has in place to facilitate and encourage participating at meetings of shareholders to be appropriate at this stage.

Recommendation 6.4

Shareholders are given the option to receive communications from, and send communication to, the Company and its share registry electronically. To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and relevant contact details (via the website) for shareholders to make their enquiries.

Principle 7: Recognise and manage risk**Recommendation 7.1**

Due to the size of the Board, the Company does not have a separate Risk Committee. The Board is responsible for the oversight of the Company's risk management and control framework.

When the Board meets as a risk committee it carries out those functions which are delegated to it in the Company's Risk Committee Charter. Items that are usually required to be discussed by a Risk Committee are marked as separate agenda items at Board meetings when required.

The Board has adopted a Risk Committee Charter which describes the role, composition, functions and responsibilities of the Risk Committee and is disclosed on the Company's website.

The Board has adopted a Risk Management Policy, which is disclosed on the Company's website. Under the policy, responsibility and control of risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

The risk management system covers:

- (a) operational risk;
- (b) financial reporting;
- (c) compliance / regulations; and
- (d) system / IT process risk.

A risk management model is also being developed and will provide a framework for systematically understanding and identifying the types of business risks threatening the Company as a whole, or specific business activities within the Company.

Recommendation 7.2

The Board will review the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board.

Arrangements put in place by the Board to monitor risk management include, but are not limited to:

- (a) monthly reporting to the Board in respect of operations and the financial position of the Company; and
- (b) quarterly rolling forecasts prepared;

Recommendation 7.3

The Company does not have, and does not intend to establish, an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.

Recommendation 7.4

Given the speculative nature of the Company's business, it is subject to general risks and certain specific risks.

The Company has identified those economic, environmental and/or social sustainability risks to which it has a material exposure, and disclosed how it intends to manage those risks.

Principle 8: Remunerate fairly and responsibly**Recommendation 8.1**

Due to the size of the Board, the Company does not have a separate Remuneration and Nomination Committee. The Board is responsible for the functions of the Remuneration and Nomination Committee.

The duties of the committee are set out in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website

The committee carries out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter.

The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee and is disclosed on the Company's website.

Recommendation 8.2

Details of the Company's policies on remuneration will be set out in the Company's "Remuneration Report" in each Annual Report published by the Company. This disclosure will include a summary of the Company's policies regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.

Recommendation 8.3

The Company's Security Trading Policy includes a statement on the Company's policy on prohibiting participants in the Company's Employee Incentive Plan entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Employee Incentive Plan.

Security Trading Policy

In accordance with ASX Listing Rule 12.9, the Company has adopted a trading policy which sets out the following information:

- (a) closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities;
- (b) trading in the Company's securities which is not subject to the Company's trading policy; and
- (c) the procedures for obtaining written clearance for trading in exceptional circumstances.

The Company's Security Trading Policy is available on the Company's website.

SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is as at 27 September 2016.

Shareholdings as at 27 September 2016

Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act are:

Shareholder Name	Number of Shares	Percentage
MF2 Investment Company 1 LP	61,677,600	19.45%
Ashok Aaron Parekh	41,026,570	12.94%
Ray Wright	32,703,368	10.31%

Unmarketable parcels

The number of shareholders holding less than a marketable parcel is 172.

There is only one class of share and all ordinary shareholders have equal voting rights.

Voting rights

All ordinary shares carry one vote per share without restriction.

Unquoted securities

There are no unquoted securities

On-market buyback

There is no current on-market buy-back

Stock Exchange listing

Quotation has been granted for the Company's Ordinary Shares.

Securities subject to escrow

There are no securities currently subject to escrow:

Distribution of security holders

Category	Number of Holders	Number of Shares
1 – 1,000	28	4,798
1,001 – 5,000	185	583,374
5,001 – 10,000	206	1,757,618
10,001 – 100,000	697	27,385,741
100,001 and over	256	287,435,080
	1,369	317,166,611

Twenty largest shareholders – Ordinary Shares

Name	Number of ordinary shares held	Percentage of capital held
JP Morgan Nominees Australia Limited	63,680,225	20.08
Goldfields Hotels Pty Ltd <Palace Investment A/C>	24,168,368	7.62
Goldfields Hotels Pty Ltd <K M Wright Family A/C>	24,168,368	7.62
Mr Ashok Parekh	16,238,201	5.12
Bond Street Custodians Limited <DAVKRE - V05765 A/C>	13,923,570	4.39
Bond Street Custodians Limited <DAGOLL – D04766 A/C>	8,000,000	2.25
Mr William Dudley James Powell	6,750,000	2.13
Rada Investments Pty Ltd <Wright Family A/C>	6,000,000	1.89
Mr Morrie Goodz	4,258,975	1.34
Mr Jan Gunnink + Mrs Marie Odile Caroline Gunnink <CaroJan Retirement Fund A/C>	4,229,999	1.33
Parkview Super Nominees Pty Ltd <Park View Super Fund A/C>	4,000,000	1.26
Dr Neelesh Bhasin	3,673,896	1.15
J&D Banks Pty Ltd <J & D Banks Super Fund A/C>	3,514,138	1.10
Banks Pty Ltd	3,495,723	1.09
Bond Street Custodians Limited <MARBAK – V10232 A/C>	3,166,665	1.00
Mr John Schotkamp	2,800,000	0.88
Wilmar Furniture Manufacturing Pty Ltd <Kim A Strickland S/F A/C>	2,554,663	0.81
Bond Street Custodians Limited <MARBAK – V22887 A/C>	2,535,000	0.80
Bond Street Custodians Limited <MARBAK – V09045 A/C>	2,513,333	0.79
Raglan Super Pty Ltd <Raglan Super Fund A/C>	2,349,511	0.74
TOTAL	202,020,635	63.69

SCHEDULE OF MINING TENEMENTS

Project	Location	Tenement Number	Economic Entity's Interest
MacPhersons Reward	Coolgardie, WA	L15/312	100%
MacPhersons Reward	Coolgardie, WA	LA15/352	100%
MacPhersons Reward	Coolgardie, WA	M15/0040	100%
MacPhersons Reward	Coolgardie, WA	M15/0128	100%
MacPhersons Reward	Coolgardie, WA	M15/0133	100%
MacPhersons Reward	Coolgardie, WA	M15/0147	100%
MacPhersons Reward	Coolgardie, WA	M15/0148	100%
MacPhersons Reward	Coolgardie, WA	M15/1808	100%
MacPhersons Reward	Coolgardie, WA	P15/5261	100%
MacPhersons Reward	Coolgardie, WA	P15/5720	100%
MacPhersons Reward	Coolgardie, WA	P15/5721	100%
MacPhersons Reward	Coolgardie, WA	P15/5722	100%
MacPhersons Reward	Coolgardie, WA	P15/5723	100%
MacPhersons Reward	Coolgardie, WA	P15/5724	100%
MacPhersons Reward	Coolgardie, WA	P15/5725	100%
MacPhersons Reward	Coolgardie, WA	P15/5901	100%
MacPhersons Reward	Coolgardie, WA	P15/5902	100%

Nimbus/Boorara	Kalgoorlie, WA	E25/511	100%
Nimbus/Boorara	Kalgoorlie, WA	L25/0032	100%
Nimbus/Boorara	Kalgoorlie, WA	L26/0240	100%
Nimbus/Boorara	Kalgoorlie, WA	L26/0252	100%
Nimbus/Boorara	Kalgoorlie, WA	L26/0266	100%
Nimbus/Boorara	Kalgoorlie, WA	LA26/0275	100%
Nimbus/Boorara	Kalgoorlie, WA	L25/0035	100%
Nimbus/Boorara	Kalgoorlie, WA	L25/0036	100%
Nimbus/Boorara	Kalgoorlie, WA	L26/0270	100%
Nimbus/Boorara	Kalgoorlie, WA	L26/0274	100%
Nimbus/Boorara	Kalgoorlie, WA	M25/0355	100%
Nimbus/Boorara	Kalgoorlie, WA	M26/0029	100%
Nimbus/Boorara	Kalgoorlie, WA	M26/0161	100%
Nimbus/Boorara	Kalgoorlie, WA	M26/0277	100%
Nimbus/Boorara	Kalgoorlie, WA	M26/0318	100%
Nimbus/Boorara	Kalgoorlie, WA	M26/0490	100%
Nimbus/Boorara	Kalgoorlie, WA	M26/0598	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2003	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2004	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2005	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2006	100%

Project	Location	Tenement Number	Economic Entity's Interest
Nimbus/Boorara	Kalgoorlie, WA	P25/2007	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2014	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2015	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2016	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2017	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2061	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2068	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2069	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2192	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2193	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2194	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2195	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2196	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2247	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2261	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2292	100%
Nimbus/Boorara	Kalgoorlie, WA	P25/2322	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3634	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3635	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3636	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3640	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3699	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3700	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3704	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3741	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3742	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/4020	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/4035	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/4036	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/4053	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/4054	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/4055	100%
Nimbus/Boorara	Kalgoorlie, WA	PLA26/4199	100%
Nimbus/Boorara	Kalgoorlie, WA	PLA26/4200	100%
Nimbus/Boorara	Kalgoorlie, WA	PLA26/4201	100%
Nimbus/Boorara	Kalgoorlie, WA	PLA26/4202	100%
Nimbus/Boorara	Kalgoorlie, WA	PLA26/4203	100%
Nimbus/Boorara	Kalgoorlie, WA	PLA26/4204	100%
Nimbus/Boorara	Kalgoorlie, WA	PLA26/4205	100%
Nimbus/Boorara	Kalgoorlie, WA	PLA26/4206	100%
Nimbus/Boorara	Kalgoorlie, WA	PLA26/4207	100%
Nimbus/Boorara	Kalgoorlie, WA	PLA26/4208	100%

Project	Location	Tenement Number	Economic Entity's Interest
Nimbus/Boorara	Kalgoorlie, WA	P27/2138	100%
Nimbus/Boorara	Kalgoorlie, WA	P27/2139	100%
Nimbus/Boorara	Kalgoorlie, WA	P27/2140	100%
Nimbus/Boorara	Kalgoorlie, WA	P27/2141	100%
Nimbus/Boorara	Kalgoorlie, WA	P27/2142	100%
Nimbus/Boorara	Kalgoorlie, WA	P27/2146	100%
Nimbus/Boorara	Kalgoorlie, WA	P27/2147	100%
Nimbus/Boorara	Kalgoorlie, WA	P27/2148	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3791	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3792	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3793	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3794	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3795	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3796	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3797	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3798	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3799	100%
Nimbus/Boorara	Kalgoorlie, WA	P26/3800	100%
Nimbus/Boorara	Kalgoorlie, WA	P27/2041	100%
Nimbus/Boorara	Kalgoorlie, WA	P27/2042	100%
Nimbus/Boorara	Kalgoorlie, WA	P27/2043	100%
Nimbus/Boorara	Kalgoorlie, WA	P27/2044	100%
Nimbus/Boorara	Kalgoorlie, WA	P27/2045	100%
Nimbus/Boorara	Kalgoorlie, WA	P27/2050	100%
Nimbus/Boorara	Kalgoorlie, WA	P27/2051	100%
Nimbus/Boorara	Kalgoorlie, WA	P27/2052	100%

SCHEDULE OF ORE RESERVES AND MINERAL RESOURCES

Results of Annual Review of Mineral Resource and Ore Reserve

Nimbus

The Nimbus mineral resource was announced on 28 April 2015. In accordance with Paragraph 15 of the JORC 2012 Code, the mineral resource has been reviewed and there has been no material change to the overall mineral resource.

The Nimbus mineral resource was reviewed during the year and a high grade core identified. The result was the delineation of a high grade core within the overall mineral resource. Details of the high grade core resource were announced on 10 May 2016.

Boorara

The Boorara mineral resource was announced on 26 February 2015. In accordance with Paragraph 15 of the JORC 2012 Code, the mineral resource has been reviewed and there has been no material change to the mineral resource.

Coolgardie

The Coolgardie mineral resource was announced on 6th August 2012. In accordance with Paragraph 15 of the JORC 2012 Code, the mineral resource has been reviewed and there has been no material change to the mineral resource.

Governance Arrangements for Mineral Resource and Ore Reserves Estimates

Mineral Resources and Ore Reserves are estimated by suitably qualified full-time staff of MacPhersons Resources Limited in accordance with the JORC 2012 Code, using industry standard techniques and internal guidelines for the estimation and reporting of Ore Reserves and Mineral Resources. These estimates and the supporting documentation are then reviewed by a suitably qualified Competent Person from the Company. The final statements and the models upon which they are based, are then peer-reviewed by independent international consultants in accordance with the JORC 2012 Code, using industry standard techniques and internal guidelines for the estimation and reporting of Ore Reserves and Mineral Resources.

All statements have been accompanied by the appropriate sections of Table 1 from the JORC (2102) guidelines.

Mineral Resources included in the Annual Report are reviewed by suitably qualified Competent Persons from the Company prior to its inclusion.

Nimbus Mineral Resource

30 June 2015 and 30 June 2016

Zone	Category	Tonnes	Ag Grade	Au Grade	Zn Grade	Hg Grade	Ag Eq.	Ag Metal	Au Metal	Zn Metal	Hg Metal	Ag Eq. Metal
		Mt	g/t	g/t	%	g/t	g/t	Moz	koz	kt	t	Moz
Mineral Resource as at 28 April 2015												
Silver Zone	Measured	3.620	102	0.09	1.20	-	-	11.9	9.9	45	-	-
	Indicated	3.182	48	0.21	1.00	-	-	4.9	21.1	30	-	-
	Inferred	5.283	20	0.27	0.50	-	-	3.4	46.5	29	-	-
	Total	12.085	52	0.20	0.90	-	-	20.2	77.5	104	-	-

In accordance with Paragraph 15 of the JORC 2012 Code, we have reviewed this MRE and find no material change to report. Mineral resource as at 28 April 2015. Mineral resource reported at a cut-off of 12g/t Ag, 0.5% Zn and 0.3g/t Au. Differences in totals occur due to rounding.

Nimbus High Grade Mineral Resource

30 June 2016

This high-grade underground resource is part of the above global resource of 12.1 million tonnes at 52 g/t silver, 0.9% zinc, 0.2 g/t gold containing 20.2 million oz of silver, 78,000 oz of gold and 104,000 tonnes of zinc (refer to previous page and “ASX Announcement 30 April 2015 - Nimbus Increases Resources”).

High Grade Mineral Resource as at 10 May 2016

Category	Tonnes	Ag Grade	Zn Grade	Ag Metal	Zn Metal
	<i>t</i>	<i>g/t</i>	<i>%</i>	<i>Moz</i>	<i>kt</i>
Indicated	170,587	762.1	12.75	4,179,569	21,746
Inferred	85,311	797.3	13.02	2,186,733	11,109
Total	255,898	773.8	12.84	6,366,302	32,855

Mineral resource as at 10 May 2016. Mineral resource reported at a cut-off of 500g/t Ag. Differences in totals occur due to rounding.

High Grade Mineral Resource as at 10 May 2016

Lodes 3,4,5,7

Category	Tonnes	Ag Grade	Zn Grade	Ag Metal	Zn Metal
	<i>t</i>	<i>g/t</i>	<i>%</i>	<i>Moz</i>	<i>kt</i>
Indicated	79,409	921.4	19.17	2,352,284	15,220
Inferred	52,666	1,039.5	19.64	1,760,167	10,345
Total	132,075	968.5	19.36	4,112,452	25,565

Mineral resource as at 10 May 2016. Mineral resource reported at a cut-off of 500g/t Ag. Differences in totals occur due to rounding.

Boorara Mineral Resource

30 June 2015 and 30 June 2016

Category	Tonnes	Grade Au g/t	Ounces Au
Measured	4,930,000	0.96	150,600
Indicated	3,360,000	0.95	103,600
Inferred	2,500,000	1.09	87,300
Total	10,790,000	0.99	341,500

As at 26 February 2015. 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 0.3g/t Au

Coolgardie Mineral Resource

30 June 2016 and 30 June 2015

Category	Tonnes	Grade Au g/t	Ounces Au
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 6 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.