



MATSA
RESOURCES

LIMITED

ABN 48 106 732 487

ASX Announcement

31 January 2013

Quarterly Activities Report – 31 December 2012

HIGHLIGHTS OF DECEMBER QUARTER

- *Mt Henry Scoping Study completed by Panoramic Resources Limited indicates production of 116,000oz Au pa and confirms Matsa's confidence in the Project.*
- *Bankable Feasibility Study commenced at the Mt Henry Gold Project (Matsa free-carried).*
- *Soil sampling at Mt Henry JV regional project highlights 850m long soil gold anomaly, defining Abbotshall South as a priority drill target.*
- *Helicopter – Borne VTEM survey at Symons Hill identifies more than 20 conductive targets. Infill VTEM surveys already completed over 6 priority targets.*
- *Soil sampling completed and assays received at Symons Hill with a new soil copper anomaly identified.*
- *Vegetation survey underway at Symons Hill. Preliminary observations are that the proposed access and follow up exploration will not impact on any priority species.*
- *Granting of E69/3070 (Symons Hill) expected imminently.*
- *RAB programme at Heines Dam (Dunnsville) returned end of hole intercept of 8m @ 0.67g/t Au.*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

134.52 million

Unlisted Options

13.05 million @ \$0.31 - \$0.45

Top 20 shareholders

Hold 52.9%

Share Price on 30 January 2013

37 cents

Market Capitalisation

\$49.81 million

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INTRODUCTION

Matsa Resources Limited (“Matsa” or “the Company” ASX:MAT) is pleased to report on its exploration and corporate activities for the Quarter ended 31st December 2012.

COMPANY ACTIVITIES

Matsa stands out within the junior resource sector by being well funded, with cash and liquid assets totalling in excess of \$12M. This secures the Company’s planned exploration at Mt Henry, Symons Hill, Fraser Range and other projects including Thailand.

It also provides the Company with the ability to actively evaluate and take advantage of any corporate opportunities which may arise in the current interesting M&A environment.

Mt Henry Gold Project Joint Venture – Matsa 30%

Since announcing the Mt Henry Joint Venture with Panoramic Resources (Matsa 30%, Panoramic 70%), positive results have been reported from a scoping study completed by Panoramic (PAN) and released to the ASX on 18th December 2012.

Key outcomes include:

- Indicated total average Annual production 116,000oz Au pa;
- Initial Project Life is 7.25 years with aggregate production of 840,000oz Au;
- Average operating costs to be approximately A\$930/oz;
- Capital costs of A\$195M (including contingency); and
- Excellent project economics were achieved with cumulative pre-tax cash flow of:

- A\$215M for Base case A\$1,500/oz Au,
- A\$425M for Spot Case A\$1,750/oz Au,
- A\$635M for Alt. Case A\$2,000/oz Au.

A detailed bankable feasibility study (BFS) has already commenced (Matsa free-carried) with a 10,000 metre drilling programme. The BFS is scheduled for completion during Q4 2013 (Table 1).

Summary cross sections of the 2 main resources at Mt Henry and Selene are presented in Figures 1 and 2.

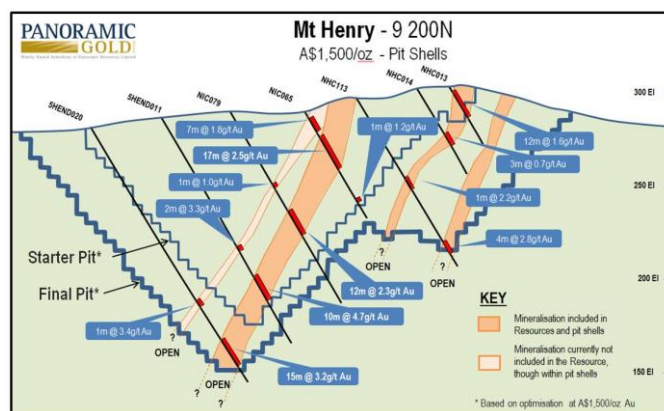


Figure 1: Mt Henry Deposit Summary Section 1500N

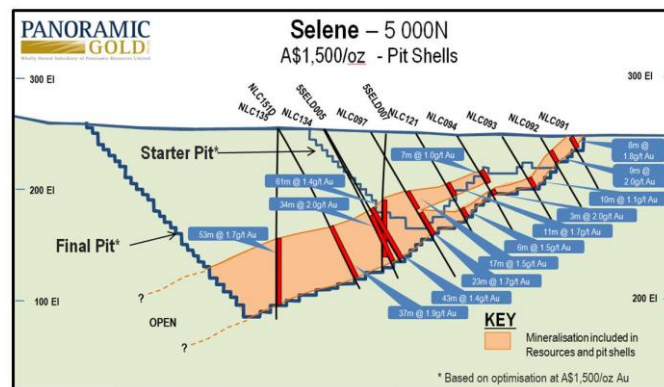


Figure 2: Selene Gold Deposit Summary Section 5000mN

	2012		2013				2014				2015			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Mt Henry														
Environmental baseline work & stakeholder consultation	→													
Technical Studies, Mine Planning	→					BFS Delivered								
Drilling (resource update, resource extensions, met testing)	→													
Approvals			→											
Financing			→											
Construction						→								
Production													→	

Table 1: Mt Henry JV - Proposed BFS Timeline (Source: PAN ASX Announcement 18-12-2012)

Under the BFS, the drilling program is designed to achieve the following:

- upgrade confidence in the gold resource through conversion from Inferred to Indicated resources;
- test mineralised extensions of the ore body at depth thereby potentially increasing the resource;
- obtain additional geotechnical information to improve mine design and potentially increase reserves; and
- Provide material for metallurgical testwork to improve the design of the process flow sheet in order to increase gold recovery.

As at 31st December 2012 a total of 614.6m of HQ3 diamond drilling has been completed. Sampling of core for metallurgical and assay testwork has commenced on the 5 holes completed to date. Results will be reported when available.

Mt Henry JV Regional Exploration

Assays were received during the quarter from 545 infill soil samples over a number of gold targets in the vicinity of the Abbotshall Mine site, situated in the NW of the Mt Henry Gold Project area (Table 2).

Results have defined an 850m long gold target with values over 26ppb Au within the 7km long Abbotshall South soil gold anomaly.

This target termed AS01, occupies a similar stratigraphic position to the Abbotshall Mine within a mixed sequence of mafic and felsic volcanics and sediments. AS01 is located in a structural setting where the sequence is cut by a set of NW trending faults, which is interpreted to be favourable for gold mineralisation (Figure 3).

As a result of these encouraging assay results, the Joint Venture has approved a regional “brownfields” exploration programme which commenced during the quarter (Figure 4).

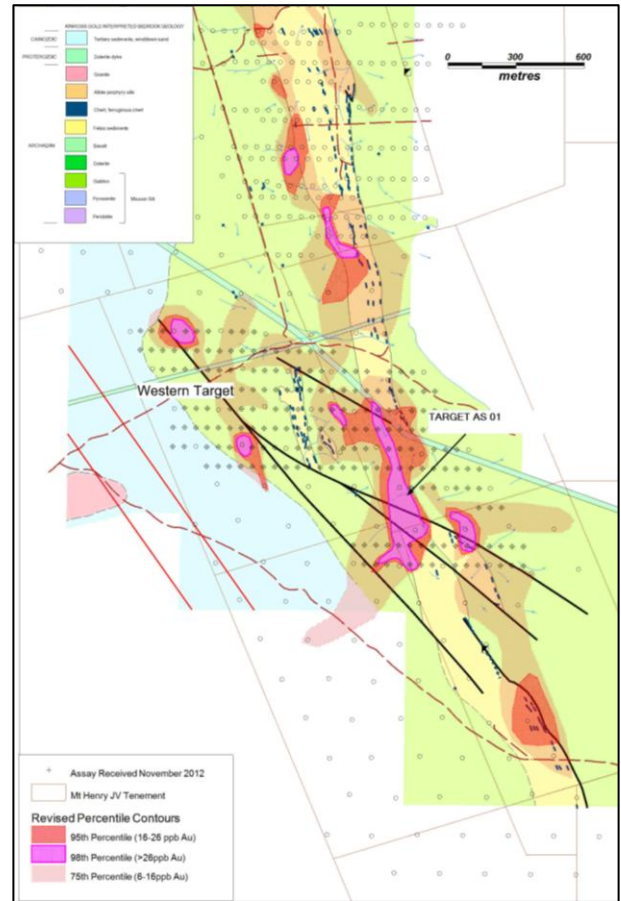


Figure 3: Infill Assays and soil gold contours Abbotshall South

Count	Au (ppb)					
	Min	Max	75Perc	90Perc	95Perc	98Perc
545	-1	72	6	10	14	25.18

Table 2: Summary values and Percentile splits of Infill soil samples at Abbotshall South

The programme at Abbotshall comprises infill soil sampling, geological mapping and a review of airborne magnetic and electromagnetic data and is intended to:

- Improve definition of a number of regional gold targets including Abbotshall South extensions, Lake Kirk, Abbotshall West and Glowing Mist (Figure 4); and
- Identify new gold targets through an integrated interpretation of electromagnetics, magnetics, soil geochemistry and geology.

Results and outcomes from this programme will enable the joint venture to define and prioritise targets in order to plan first pass drilling to be undertaken during the first half of 2013.

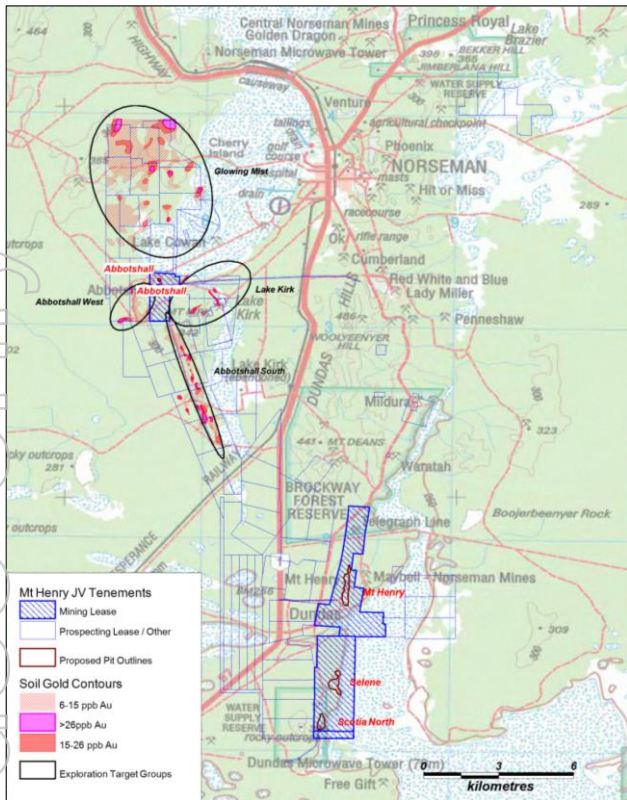


Figure 4: Mt Henry JV, Regional Gold Target Areas

Dunnsville Gold Project – RAB Drilling

Matsa completed a 78 hole 3,357 metre RAB drilling programme during the quarter to test regionally extensive soil gold anomalies at the Great Kangaroo and Heines Dam prospects.

Wide spaced RAB drill traverses comprising 25m spaced holes, were carried out to test key sections as interpreted from soil gold geochemistry and aeromagnetics (Table 3, Figure 5).

Prospect	No Holes	Metres	Min Depth	Max Depth
Great Kangaroo	34	1648	32	63
Heines Dam	44	1709	16	74

Table 3: RAB Drillhole Summary

Results > 0.1 g/t Au are summarised in Table 4 with drillholes highlighted in Figure 5. It can be seen that 4 holes returned values > 0.1 g/t Au, 3 from Heines Dam and 1 from Great Kangaroo.

It is also significant that all the elevated values were returned from samples from end of hole (EOH) samples.

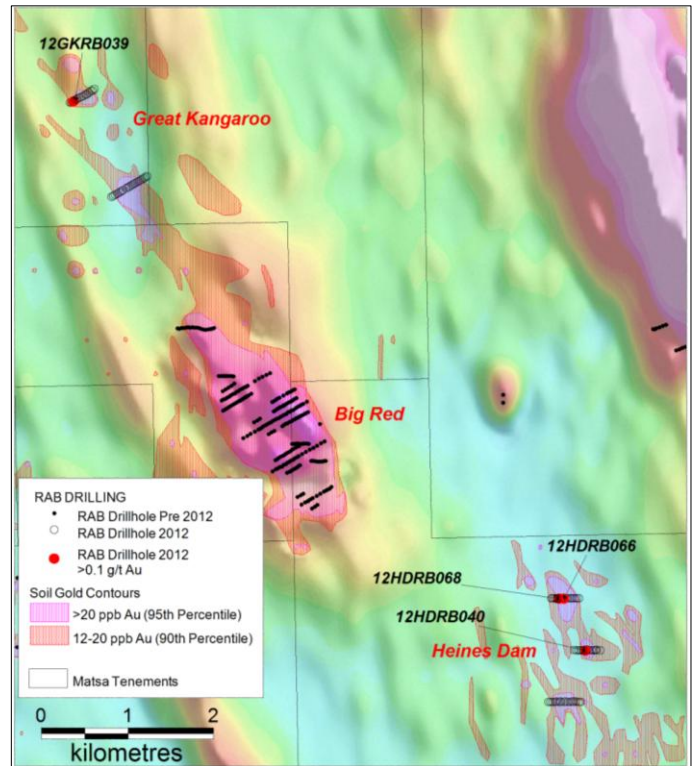


Figure 5: Heines Dam and Great Kangaroo 2012 RAB Summary

At Heines Dam, 44 holes were completed with significantly elevated values intersected in 2 holes on the 6604600N section:

- Hole 12HDB068** - 2 consecutive intercepts were achieved for an aggregate of 8m @ 0.67g/t Au at EOH. This intercept is located in deeply weathered dolerite and coincides with an increase in quartz veining with iron oxide staining (probably after pyrite) in weathered dolerite.
- Hole 12HDB066** - a mineralised intercept of 0.25g/t Au in the last 3m of this hole appears to coincide with a contact between dolerites and metabasalt possibly located in a fold closure.

Prospect	Hole_ID	East	North	From (m)	To (m)	Int (m)	Au g/t	Note
Heines Dam	12HDB068	292300	6604600	48	56 (EOH)	8	0.67	Includes 4m @ 1.1 g/t Au (48-52m)
Heines Dam	12HDB066	292350	6604600	40	43 (EOH)	3	0.25	To End of Hole
Heines Dam	12HDB040	292600	6604000	40	43 (EOH)	3	0.11	To End of Hole
Great Kangaroo	12GKR039	286675	6610365	32	37 (EOH)	5	0.31	To End of Hole

Table 4: Dunnsville RAB Results > 0.1 g/t Au

Potential is seen for more mineralisation associated with the intercepts in both holes and it is proposed to test each section with 2 or 3 angled RC drillholes.

A hole at the Great Kangaroo prospect intersected values > 0.1 g/t Au, and a further 12 holes intersected values up to 0.09g/t Au. Results were achieved in weathered metasediments (biotite schist), dolerite and metabasalt.

Killaloe Project Exploration – Matsa Earning 70%

No substantial exploration was carried out during the quarter.

Symons Hill Project

Matsa's Symons Hill tenement application (E69/3070) is located within the Fraser Range Tectonic zone and within 6 kilometres SSW of the Nova nickel copper discovery announced in July 2012 by Sirius Resources Ltd.

Favourable factors for magmatic Ni Cu mineralisation similar to Nova include its location along the NNW trending Symons Hill Fault which Matsa believes to have been an important control on mineralisation at Nova.

During the quarter the following activities were carried out:

- Soil sampling for a total of 103 samples which completes regional coverage of the entire project area, and infill sampling over selected targets. Soil samples have been analysed for a 53 element suite by ALS Global. In addition, assays for 418 samples submitted during the September quarter 2012, were received.
- Airborne VTEM (Versatile Time Domain Electromagnetic) survey comprising 565 line km along 200m spaced lines were completed with a further 57 line km completed along 100m spaced infill lines over 6 selected priority conductors identified by the 200m spaced survey.
- Vegetation survey by environmental consultants Ecologia, is in progress at the time of writing and due for completion by mid-

February. The survey is a pre-requisite for statutory approvals to be obtained for track clearing.

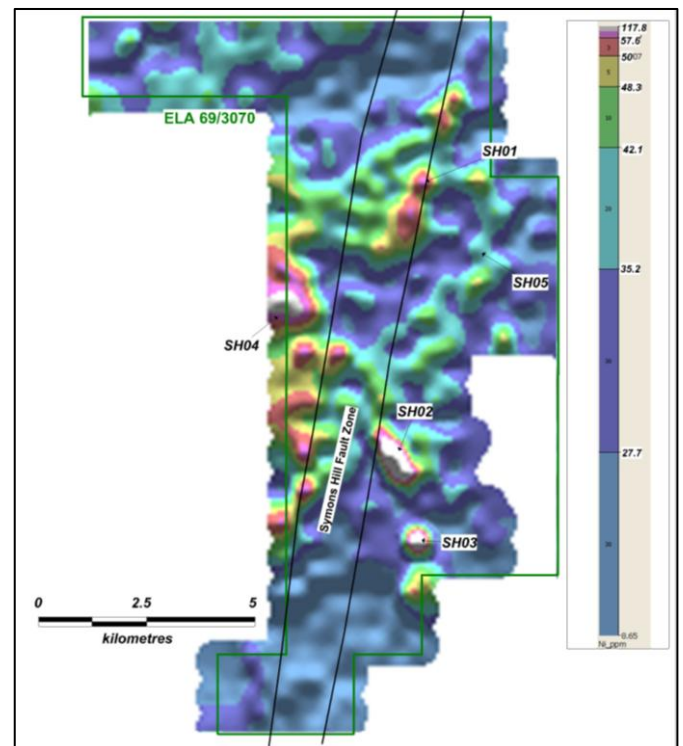


Figure 6: Symons Hill Imaged Nickel Soil Values

A total of 768 soil samples have been collected over the entire Symons Hill project area with all assay results now having been received. Assay ranges and key percentile values for this data set are presented in Appendix 1.

As previously announced, the soil sampling programmes have led to the discovery of 4 nickel geochemical targets, (SH01 – SH04) including 2 with supporting coincidental copper values (Figure 6).

Recent results from soil sampling completed during the quarter have highlighted a new soil copper anomaly 'SH05' in the central eastern part of the project, with values up to 59.6 ppm Cu. This value is supported by up to 54 ppm Ni (Figure 7).

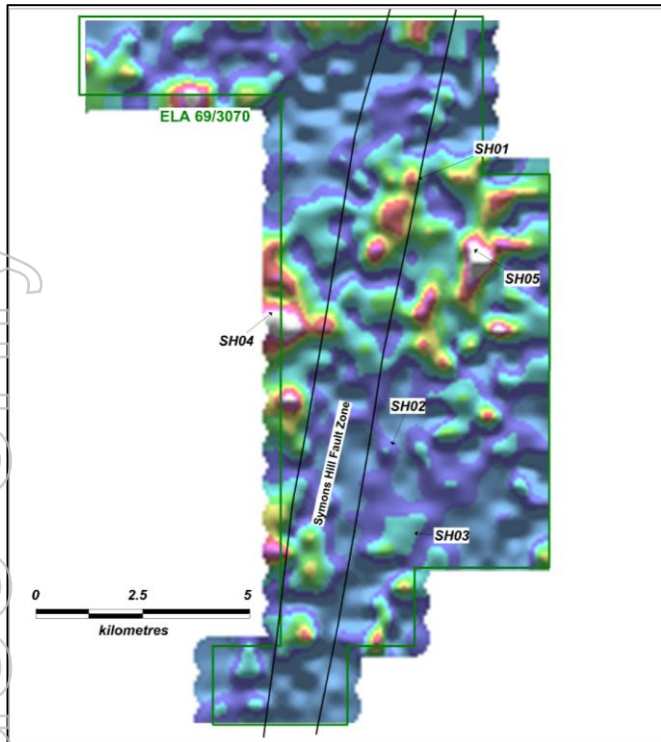


Figure 7: Symons Hill Imaged Copper Soil Values

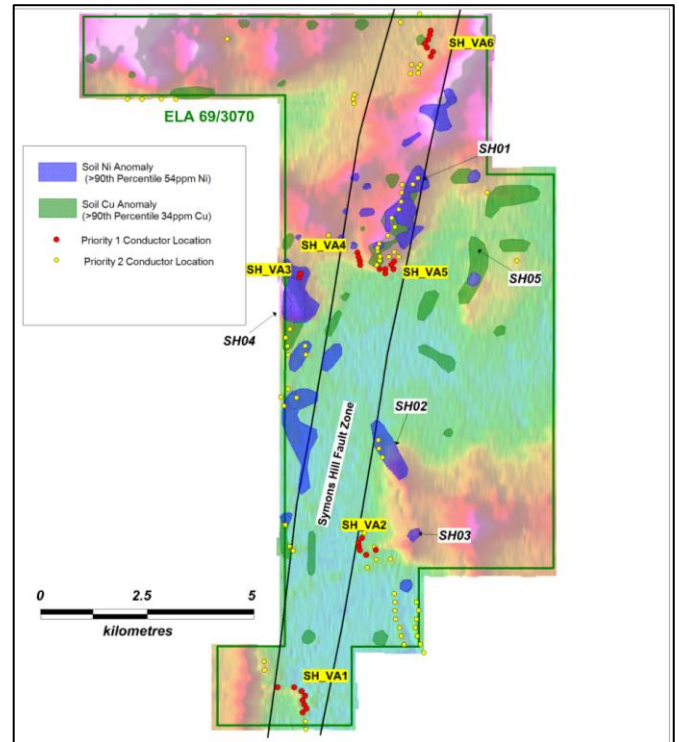


Figure 8: Location of Soil and VTEM Targets on image of CH47

A VTEM survey (as previously announced), was carried out in December 2012 by Geotech Airborne. While final data compilation and reporting is in progress, the preliminary interpretation of the results by Southern Geoscience Consultants identified in excess of 20 EM conductors. Some or all of these conductors may reflect concealed massive sulphide mineralisation.

Of these conductors, 6 (SH_VA1 – SH_VA6) which are located within and adjacent to the interpreted Symons Hill Fault zone were immediately surveyed in more detail by infill survey lines at 100m intervals. Consequently, these conductors have now been prioritised for immediate ground electrical survey when the tenement is granted.

- 2 conductors, SH_VA4 and SH_VA5, support and further strengthen the prospectivity of the Ni Cu soil anomaly SH01 as previously reported and highlighted by the Company.
- 4 conductors SH_VA1, SH_VA2, SH_VA3 and SH_VA6 are high priority targets located along and adjacent to the NNW trending Symons Hill fault.

Matsa now has 11 high priority exploration targets, being 6 EM conductors SH_VA1 - SH_VA6, and 5 geochemical anomalies SH01 – SH05 for immediate follow up as soon as granting and statutory permits have been obtained (Table 5).

Target	Type	Description
SH_VA1	VTEM	Strong, low amplitude strike ~750m+, complex geometry/shape, structural breaks apparent. ? related to a local weak magnetic anomaly flanking a potential broader intrusive body.
SH_VA2	VTEM	Moderate-strong, low amplitude strike ~400m. Appears to be related to a local weak magnetic anomaly flanking a N-S structure.
SH_VA3	VTEM	Moderate-strong, high amplitude strike ~200m. Appears to be within a magnetic low, possibly relating to an intrusive body.
SH_VA4	VTEM	Moderate, low amplitude strike ~300-400m. Appears to be coincident with a discrete moderate magnetic anomaly.
SH_VA5	VTEM	Moderate-strong, high amplitude and broad strike ~300-400m. Appears to be coincident with a discrete moderate magnetic anomaly
SH_VA6	VTEM	Strong, low amplitude strike ~500-600m, complex geometry/shape, structural breaks apparent. No obvious relationship to magnetic anomalism, but adjacent to structure/faulting.
SH01	Soil Assay	Coincident copper Nickel soil anomaly, Defined by 32 Samples up to 50ppm Cu and 69.7ppm Ni, Priority 2 conductor target associated with ?palaeochannel
SH02	Soil Assay	Nickel soil anomaly with only weak supporting copper, Defined by 11 Samples up to 154.5ppm Ni
SH03	Soil Assay	Nickel soil anomaly with weak supporting copper Defined by 8 Samples up to 36.7 ppm Cu and 125.5ppm Ni
SH04	Soil Assay	Large coincident soil nickel copper anomaly, Defined by 40 Samples up to 50ppm Cu and 75.7 ppm Ni partly coincident VTEM conductors
SH05	Soil Assay	Soil copper anomaly with weak supporting nickel values defined by copper values up to 59.6 ppm Cu and 54.2 ppm Ni,

Table 5: Symons Hill Preliminary Exploration Targets

High amplitude conductors (mauve colour on VTEM image in Figure 8) are interpreted to reflect conductive alluvium in a NE trending palaeochannel system. This strongly conductive alluvium may have the effect of masking other more subtle conductors associated with sulphide mineralisation.

It can be seen in Figure 8 that the SH01 soil Ni Cu anomaly coincides with a 2.4km long conductor (highlighted with yellow dots) which is within and completely overwhelmed by the highly conductive alluvium within the palaeochannel.

Planned ground electrical geophysical surveys at SH01 may be more effective at defining sulphide mineralisation present which may have been masked from the VTEM survey by conductive overburden in the palaeochannel.

In summary, the VTEM survey was very effective in identifying high priority conductor targets which together with geochemical information already gathered, paves the way for Matsa to plan the next stage of exploration and development of this exciting project.

Furthermore, a vegetation survey over proposed access tracks within the tenement area commenced on 22nd January 2013. Preliminary observations to date indicate that the planned access tracks will not disturb any priority vegetation species or priority ecological communities. A final report on this survey is awaited.

Matsa does not envisage any delays or impediments to the final grant of E69/3070 and now expects the tenement to be granted imminently as all objection and notification periods have now recently closed.

Matsa believes the Symons Hill Project is a high quality exploration asset which has the potential to add significant value to shareholders.

Accordingly, the Company is fast tracking arrangements to commence detailed ground exploration as soon as possible.

Fraser Range North JV – Matsa 90% Triton 10%

During the quarter, Matsa undertook an orientation soil geochemical survey over the Nimpkish prospect situated within the Fraser Range North Project area.

This survey was directed by geochemical consultants IO Global with the objective of finding the most effective sampling/assay technique to detect gold or base metal mineralisation beneath younger transported cover which hampers exploration of prospective basement rocks within the project area.

A total of 107 samples were collected over the Nimpkish prospect where previous sampling identified widespread weak soil gold anomalism over more than 10km². This target may reflect Tropicana style gold mineralisation but shallow drilling to date has not yet identified any significant mineralisation. The orientation survey is expected to equip Matsa with a sampling/assay technique to pinpoint basement mineralisation within this very large soil gold anomaly.

Furthermore, development of an effective surface sampling technique has the potential to significantly enhance exploration over Matsa's other tenements within the Fraser Range area, which are similarly affected by variable thicknesses of younger cover.

Thailand

Detailed reports are being compiled by the Thailand technical team which will fully document the work carried out to date on Matsa's Thailand projects.

Matsa eagerly awaits the Department of Primary Industries and Mining to finalise the granting process, but unfortunately, the Thailand Government will not provide any indication for timing of the granting of applications.

The Company continues to abide by all legal and regulatory requirements. Matsa maintains direct and very regular contact with the relevant Thailand departments who confirm Matsa has clear and legal right to the applications.

Matsa gratefully acknowledges the assistance and strong support from Australia's Department of Foreign Affairs and Trade (DFAT) and Australia's Ambassador to Thailand.

To date, Matsa has lodged applications for a total of 124 special prospecting leases (SPLA's). Of these, 46 SPLA's have been recommended for granting by the

Screening Committee of the Department of Primary Industries and Mining.

Matsa remains confident that the SPLA's will be granted in due course.

For further Information please contact:

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Director

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Exploration results

The information in this report that relates to Exploration results, is based on information compiled by David Fielding, who is a Fellow of the Australasian Institute of Mining and Metallurgy. David Fielding is a full time employee of Matsa Resources Limited. David Fielding has sufficient experience which is relevant to the style of mineralisation and the type of ore deposit under consideration and the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. David Fielding consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 1: Symons Hill Soil Sample Assay Ranges and Key Percentile Values

Element	Count	Min	Max	50th Perc	75th Perc	90th Perc	95th Perc	98th Perc	Element	Count	Min	Max	50th Perc	75th Perc	90th Perc	95th Perc	98th Perc
Ag_ppm	768	0.01	0.07	0.02	0.02	0.03	0.04	0.04	Na_pct	768	0.01	0.51	0.08	0.18	0.27	0.31	0.36
Al_pct	768	0.51	4.48	2.02	2.425	2.82	3.19	3.487	Nb_ppm	768	0.05	1.07	0.27	0.35	0.49	0.61	0.73
As_ppm	768	0.2	35	4.2	7.3	11.7	15.2	19.17	Ni_ppm	768	6	155	34	42.73	53.73	61.2	69.67
Au_ppb	768	-99	20	3	4	5	7	8	P_ppm	768	20	300	60	80	90	110	140
B_ppm	768	5	290	30	40	70	80	100	Pb_ppm	768	1.9	19.2	7.8	10.1	12.2	13.4	14.73
Ba_ppm	768	10	380	50	70	80	110	150	Pd_ppm	768	-99	0.01	0.001	0.001	0.002	0	0.002
Be_ppm	768	0.11	0.96	0.44	0.53	0.64	0.7	0.777	Pt_ppm	768	-99	0.02	0.0025	0.003	0.003	0	0.005
Bi_ppm	768	0.03	0.41	0.1	0.12	0.15	0.16	0.18	Rb_ppm	768	2.3	52.5	15.8	19.6	23.93	28	33.07
Ca_pct	768	0.07	13.1	3.735	5.413	7.073	8.17	9.416	Re_ppm	768	0	0	0.0005	0.001	0.001	0	0.002
Cd_ppm	768	0.01	0.1	0.035	0.04	0.05	0.06	0.07	S_pct	768	0.01	0.21	0.02	0.03	0.04	0.05	0.07
Ce_ppm	768	4.35	43.5	20.1	23.7	27.6	30.5	32.8	Sb_ppm	768	0.03	0.52	0.16	0.21	0.26	0.31	0.34
Co_ppm	768	3.1	20.3	9.3	11.2	13.5	14.8	16.3	Sc_ppm	768	2.3	20	8.65	10.7	12.7	13.6	15.27
Cr_ppm	768	26	204	75.5	97	123	137	151.3	Se_ppm	768	0.1	1.7	0.5	0.6	0.8	0.9	1.1
Cs_ppm	768	0.16	2.43	0.84	1.013	1.24	1.42	1.727	Sn_ppm	768	0.3	1.5	0.6	0.7	0.8	0.9	1.066
Cu_ppm	768	5.9	59.6	23.65	28.4	33.56	36.5	40.03	Sr_ppm	768	3.2	1080	134.25	232	390.9	570	723.7
Fe_pct	768	1.28	9.19	3.475	4.66	5.646	6.55	7.499	Ta_ppm	768	0.01	0.01	0.005	0.005	0.005	0.01	0.005
Ga_ppm	768	1.49	14.6	5.68	7.183	8.686	9.48	10.33	Te_ppm	768	0.01	0.26	0.04	0.06	0.08	0.09	0.12
Ge_ppm	768	0.03	0.17	0.09	0.11	0.13	0.14	0.15	Th_ppm	768	1.1	12.7	4.4	5.8	7.33	8.4	9.366
Hf_ppm	768	0.03	0.67	0.12	0.17	0.23	0.27	0.32	Ti_pct	768	0.01	0.26	0.0555	0.074	0.093	0.11	0.132
Hg_ppm	768	0.01	0.1	0.02	0.02	0.03	0.04	0.05	Tl_ppm	768	0.01	0.27	0.08	0.11	0.13	0.14	0.18
In_ppm	768	0.01	0.06	0.028	0.034	0.04	0.05	0.049	U_ppm	768	0.05	3.53	0.42	0.64	0.963	1.35	1.966
K_pct	768	0.02	0.87	0.37	0.44	0.52	0.58	0.63	V_ppm	768	21	203	79.5	102	124	142	156.3
La_ppm	768	1.9	19.7	10	11.9	14	15.2	16.4	W_ppm	768	0.03	0.21	0.07	0.08	0.09	0.1	0.11
Li_ppm	768	2.1	24.4	9.6	11.6	14	15.5	17.3	Y_ppm	768	1.94	26.9	7.755	9.183	10.82	12	13.78
Mg_pct	768	0.04	5.44	0.85	1.48	2.47	3.25	3.797	Zn_ppm	768	6	96	20	24	29	32	37
Mn_ppm	768	95	1550	265	341	463.3	530	646.7	Zr_ppm	768	1.3	22.8	5.2	7.2	9.9	11.6	13.6
Mo_ppm	768	0.08	1.2	0.32	0.41	0.51	0.57	0.66									

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

MATSA RESOURCES LIMITED

ABN

48 106 732 487

Quarter ended ("current quarter")

31 December 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(500)	(963)
(b) development	-	-
(c) production	-	-
(d) administration	(545)	(1,473)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	11	27
1.5 Interest and other costs of finance paid	(7)	(7)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) - EIS funding	36	36
Net Operating Cash Flows	(1,005)	(2,380)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	(13)	(13)
(c) other fixed assets	(2)	(67)
1.9 Proceeds from sale of: (a) prospects	-	3,500
(b) equity investments	18	18
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other - Security deposits paid	-	(423)
Net investing cash flows	3	3,015
1.13 Total operating and investing cash flows (carried forward)	(1,002)	635

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,002)	635
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	809	933
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(17)	(33)
1.18	Dividends paid	-	-
1.19	Other - costs of capital raising	(8)	(8)
Net financing cash flows		784	892
Net increase (decrease) in cash held		(218)	1,527
1.20	Cash at beginning of quarter/year to date	3,866	2,121
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,648	3,648

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	200
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On 16 August 2012 Matsa completed the sale of a 70% interest in the Mt Henry Project to Panoramic Resources Limited for a consideration of \$5 million in cash (of which \$1.5 million was received as a deposit in June 2012) and 14 million Panoramic shares. The Panoramic shares had a value of \$7.98 million on the date of settlement and constitute a non cash flow item.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

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Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	613
4.2	Development	-
4.3	Production	-
4.4	Administration	343
Total		956

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	1,378	2,866
5.2	Deposits at call	2,270	1,000
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		3,648	3,866

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	134,621,781	134,621,781		
7.4 Changes during quarter (a) Increases through issues	781,250 1,000,000 1,200,000	781,250 1,000,000 1,200,000	26.6 27.3 27.3	26.6 27.3 27.3
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	2,050,000 4,250,000 350,000 900,000 5,500,000 1,000,000	Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted	<i>Exercise price</i> \$0.40 \$0.45 \$0.31 \$0.40 \$0.43 Nil – subject to vesting criteria	<i>Expiry date</i> 31 August 2013 30 November 2013 12 August 2014 12 September 2015 30 November 2015 30 November 2015
7.8 Issued during quarter	5,500,000 options 1,000,000 performance rights	Unlisted Unlisted	\$0.43 Nil – subject to vesting criteria	30 November 2015 30 November 2015
7.9 Exercised during quarter	1,000,000 1,200,000 781,250	Unlisted Unlisted Unlisted	\$0.273 \$0.273 \$0.266	26 November 2012 31 December 2012 13 January 2014
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>	Nil			
7.12 Unsecured notes <i>(totals only)</i>	Nil			

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 31 January 2013

Print name: Andrew Chapman

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.