

# **MATSA RESOURCES LIMITED**

ABN 48 106 732 487

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## **INTERIM FINANCIAL REPORT**

**31 December 2012**

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## CONTENTS

	<b>Page No</b>
Company Directory	1
Directors' Report	2
Auditor's Independence Declaration	4
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9
Directors' Declaration	14
Independent Auditor's Review Report	15

# MATSA RESOURCES LIMITED

## COMPANY DIRECTORY

### Directors

Paul Poli (Executive Chairman)  
Frank Sibbel (Director)  
Andrew Chapman (Director)

### Company Secretary

Andrew Chapman

### Registered Office

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PERTH WA 6000  
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Email: [reception@matsa.com.au](mailto:reception@matsa.com.au)

### Postal Address

PO Box 376  
Northbridge WA 6865

**Website** [www.matsa.com.au](http://www.matsa.com.au)

### Auditors

Nexia Perth Audit Services Pty Ltd  
Level 3  
88 William Street  
Perth WA 6000

### Share Registry

Advanced Share Registry Services  
150 Stirling Highway  
NEDLANDS WA 6909  
Tel: (08) 9389 8033  
Fax: (08) 9389 7871

### Home Stock Exchange

Australian Securities Exchange Ltd  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000  
ASX Code: MAT

## MATSA RESOURCES LIMITED

### DIRECTORS' REPORT

The directors present their report together with the consolidated financial report for the six months ended 31 December 2012 and the review report thereon. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

#### DIRECTORS

The names of directors who held office during or since the end of the interim period to the date of this report are:

Mr Paul Poli  
Mr Frank Sibbel  
Mr Andrew Chapman

Directors were in office for this entire period unless otherwise stated.

#### OPERATING RESULTS

During the half year the Group made a profit of \$919,538 (2011: loss of \$760,660).

#### REVIEW OF OPERATIONS

Matsa is an ASX listed exploration and development company based in Western Australia. The Corporate office is located in Perth with an office in Bangkok, Thailand.

On 16 August 2012 Matsa completed the sale of a 70% interest in the Mt Henry Gold Project to Panoramic Resources Limited ("Panoramic") under a Sale and Purchase Agreement on the following terms:

1. Consideration of \$5 million in cash and 14 million fully paid Panoramic shares, with a market value of \$7,980,000 at 15 August 2012, resulting in a total consideration received of \$12,980,000;
2. Matsa to be free carried for a fully funded Bankable Feasibility Study (BFS), which is underway; and
3. Provision for Panoramic to buy out Matsa's remaining 30% interest for \$6.5 million with a \$5 million royalty as a safety net should Matsa not be able to participate further or is unable to finance its share of the project within 180 days of the delivery of the BFS.

Since settlement the BFS is underway and is scheduled for completion by the end of the 2013 calendar year. A 10,000 metre drilling programme has commenced and is aiming to improve the level of the resource, test mineralised extensions of the known ore body at depth, obtain additional geotechnical information to improve mine design and conduct metallurgical and assay test work in order to increase gold recovery.

On 18 December 2012 Panoramic released positive results from a scoping study conducted on the Mt Henry Joint Venture. The key outcomes of the scoping study were:

- Indicated total average production of 116,000 per annum;
- An initial project life of 7.25 years;
- Average operating costs of \$930/oz;
- Capital costs of \$195 million; and
- A base case cumulative pre-tax cash flow of \$215 million based on an A\$1,500/oz gold price.

Other work conducted during the period included:

## MATSA RESOURCES LIMITED

### DIRECTORS' REPORT

- Soil sampling at the Mt Henry Joint Venture regional project identified an 850m long soil gold anomaly, defining Abbotshall South as a priority drill target.
- A 3,357m RAB drilling programme was conducted at the Dunnsville project providing further low-order gold results.
- Conducted soil sampling on approximately 80% of the Symons Hill project which highlighted a number of nickel and copper geochemical targets.
- A VTEM survey was carried out in December 2012 on the Symons Hill project with the preliminary interpretation of the results identifying in excess of 20 EM conductors. The tenement was granted on 7 March 2013 which will lead to additional exploration being done in the first half of 2013.
- An orientation soil geochemical survey over the Nimpkish prospect situated within the Company's Fraser Range North project area was conducted.

There was no further development with respect to the granting of a number of applications on the Company's Thailand projects. A number of applications have been recommended for granting by the Screening Committee of the Department of Primary Industries and Mining and Matsa expects that the applications will be granted in due course.

### CORPORATE ACTIVITIES

During the period a total of 3,450,000 unlisted options were exercised at various prices for a total of \$933,100.

At the Company's annual general meeting shareholders approved the issue of 5,500,000 unlisted options and 1,000,000 performance rights to directors.

### AUDITOR'S DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 4 and forms part of the directors' report for the six months ended 31 December 2012.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to Section 306(3) of the Corporations Act 2001.



**Andrew Chapman**  
Director

Dated this 15th day of March 2013

*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.*

**Auditor's independence declaration under section 307C of the Corporations Act 2001**

To the directors of Matsa Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2012, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

NPAS

**Nexia Perth Audit Services Pty Ltd**

PTC Klopper

**PTC Klopper**  
*Director*

Perth  
15 March 2013

MATSA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the six months ended 31 December 2012

	2012 \$	2011 \$
Research and development grant income	-	726,106
Net gain on sale of exploration assets	4,171,253	35,000
Net gain on sale of investments	2,828	-
<b>Other expenses</b>		
Consultants' expense	(7,150)	(20,965)
Travel and accommodation expense	(53,130)	(81,781)
Depreciation expense	(79,166)	(125,010)
Salaries and employment benefits expenses	(845,662)	(529,487)
Exploration expenditure written off	(635,188)	(412,458)
Occupancy expense	(73,565)	(76,797)
Other administration expenses	(306,271)	(238,972)
Share based payments expense	(1,262,619)	(36,575)
Legal expenses	(59,413)	(5,261)
<b>Results from operating activities</b>	851,917	(766,200)
Finance income	74,763	21,559
Finance costs	(7,142)	(16,019)
<b>Net finance income</b>	67,621	5,540
<b>Profit/(loss) before income tax expense</b>	919,538	(760,660)
Income tax expense	-	-
<b>Net profit/(loss) for the period attributable to equity holders of the company</b>	919,538	(760,660)
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net loss on available-for-sale financial assets	(1,264,402)	(1,583)
Net change in foreign currency translation reserve	(43)	108
<b>Other comprehensive income for the period, net of income tax</b>	(1,264,445)	(1,475)
<b>Total comprehensive loss for the period attributable to equity holders of the company</b>	(344,907)	(762,135)
<b>Profit/(loss) for the period is attributable to:</b>		
Owners of the parent	919,545	(752,158)
Non-controlling interest	(7)	(8,502)
	919,538	(760,660)
<b>Total comprehensive loss for the period is attributable to:</b>		
Owners of the parent	(344,900)	(753,633)
Non-controlling interest	(7)	(8,502)
	(344,907)	(762,135)
<b>Earnings per share:</b>		
Basic profit/(loss) per share attributable to ordinary equity holders of the parent (cents per share)	0.69	(0.60)
Diluted profit/(loss) per share attributable to ordinary equity holders of the parent (cents per share)	0.69	(0.60)

The notes on pages 9 to 13 are an integral part of these consolidated interim financial statements.

MATSA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at 31 December 2012

	31 Dec 12 \$	30 June 12 \$
<b>Current Assets</b>		
Cash and cash equivalents	3,698,278	2,119,711
Trade and other receivables	169,664	17,450
Other current assets	1,219,136	842,899
<b>Total Current Assets</b>	<u>5,087,078</u>	<u>2,980,060</u>
<b>Non-Current Assets</b>		
Available-for-sale financial assets	6,720,000	6,466
Plant and equipment	5 204,305	219,682
Exploration and evaluation assets	6 7,063,127	15,555,003
<b>Total Non-Current Assets</b>	<u>13,987,432</u>	<u>15,781,151</u>
<b>Total Assets</b>	<u>19,074,510</u>	<u>18,761,211</u>
<b>Current Liabilities</b>		
Trade and other payables	287,630	302,121
Borrowings	17,415	46,655
Refundable deposit	-	1,500,000
Provisions	99,505	80,571
<b>Total Current Liabilities</b>	<u>404,550</u>	<u>1,929,347</u>
<b>Non-Current Liabilities</b>		
Borrowings	16,479	20,749
<b>Total Non-Current Liabilities</b>	<u>16,479</u>	<u>20,749</u>
<b>Total Liabilities</b>	<u>421,029</u>	<u>1,950,096</u>
<b>Net Assets</b>	<u>18,653,481</u>	<u>16,811,115</u>
<b>Equity</b>		
Issued capital	7 37,810,962	36,886,308
Reserves	5,180,420	5,182,246
Accumulated losses	(24,416,122)	(25,335,667)
<b>Total equity attributable to equity holders of the Company</b>	<u>18,575,260</u>	<u>16,732,887</u>
<b>Non-controlling Interests</b>	<u>78,221</u>	<u>78,228</u>
<b>Total Equity</b>	<u>18,653,481</u>	<u>16,811,115</u>

The notes on pages 9 to 13 are an integral part of these consolidated interim financial statements.



MATSA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the six months ended 31 December 2012

	Issued Capital Ordinary \$	Accumulated Losses \$	Equity Settled Benefits Reserve \$	Other Reserves \$	Total \$	Non- controlling interest \$	Total \$
Balance at 1 July 2012	36,886,308	(25,335,667)	5,149,930	32,316	16,732,887	78,228	16,811,115
Comprehensive profit/(loss) for the period	-	919,545	-	(1,264,445)	(344,900)	(7)	(344,907)
Total comprehensive profit/(loss) for the period	-	919,545	-	(1,264,445)	(344,900)	(7)	(344,907)
<i>Transactions with owners recorded directly in equity</i>							
Shares issued during the period	933,100	-	-	-	933,100	-	933,100
Capital raising costs during the period	(8,446)	-	-	-	(8,446)	-	(8,446)
Share based payment	-	-	1,262,619	-	1,262,619	-	1,262,619
Balance at 31 December 2012	37,810,962	(24,416,122)	6,412,549	(1,232,129)	18,575,260	78,221	18,653,481
Balance at 1 July 2011	35,255,459	(23,720,514)	5,113,355	37,113	16,685,413	-	16,685,413
Comprehensive loss for the period	-	(752,158)	-	(1,475)	(753,633)	(8,502)	(762,135)
Total comprehensive loss for the period	-	(752,158)	-	(1,475)	(753,633)	(8,502)	(762,135)
<i>Transactions with owners recorded directly in equity</i>							
Shares issued during the period	1,560,000	-	-	-	1,560,000	86,772	1,646,772
Capital raising costs during the period	(162,513)	-	-	-	(162,513)	-	(162,513)
Share based payment	-	-	36,575	-	36,575	-	36,575
Balance at 31 December 2011	36,652,946	(24,472,672)	5,149,930	35,638	17,365,842	78,270	17,444,112

The notes on pages 9 to 13 are an integral part of these consolidated interim financial statements.

MATSA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
For the six months ended 31 December 2012

	2012 \$	2011 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(1,440,323)	(1,111,696)
Interest received	30,587	21,559
Other income	-	726,106
Interest paid	(7,142)	(16,019)
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	(1,416,878)	(380,050)
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(66,643)	(6,427)
Exploration and evaluation expenditure	(958,560)	(739,057)
Payments for security deposits	(375,390)	-
Deposits for application licences	-	(209,894)
Payments for available-for-sale financial assets	(13,330)	(9,283)
Proceeds from sale of investments	18,224	-
Proceeds from sale of exploration and evaluation assets	3,500,000	110,000
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	2,104,301	(854,661)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	933,100	1,410,000
Capital raising costs	(8,446)	(26,150)
Repayment of borrowings	(33,510)	(55,895)
	<hr/>	<hr/>
<b>Net cash provided by financing activities</b>	891,144	1,327,955
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,578,567	93,244
Cash and cash equivalents at beginning of the period	2,119,711	1,521,789
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the period</b>	3,698,278	1,615,033

The notes on pages 9 to 13 are an integral part of these consolidated interim financial statements.

## MATSA RESOURCES LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the six months ended 31 December 2012

#### 1. REPORTING ENTITY

Matsa Resources Limited (the "Company") is a company domiciled in Australia. The condensed consolidated financial report of the Company as at and for the six months ended 31 December 2012 comprises the Company and its subsidiaries (together referred to as the "Group" or "Consolidated Entity").

The consolidated annual financial report of the Group as at and for the year ended 30 June 2012 is available upon request from the Company's registered office at Suite 11, 139 Newcastle Street, Perth WA 6000 or at [www.matsa.com.au](http://www.matsa.com.au).

This condensed consolidated half-year financial report was authorised for issue in accordance with a resolution of the Board of Directors on 15 March 2013.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of preparation of the half-year financial report

This general purpose condensed consolidated financial report for the half-year ended 31 December 2012 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The condensed consolidated half-year financial report does not include all notes of the type normally included within the consolidated annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the consolidated annual financial report.

It is recommended that the condensed consolidated half-year financial report be read in conjunction with the consolidated annual financial report of Matsa Resources Limited for the year ended 30 June 2012 and considered together with any public announcements made by Matsa Resources Limited and its controlled entities during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and methods of computation are the same as those adopted in the most recent consolidated annual financial report.

##### (b) Basis of Consolidation

The condensed consolidated half-year financial statements comprise the financial statements of Matsa Resources Limited and its controlled entities ('the Consolidated Entity').

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

All intragroup balances and transactions, including unrealised profits arising from intragroup transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Controlled entities are consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

Where there is loss of control of a controlled entity, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

Non-controlling interests not held by the Consolidated Entity are allocated their share of net profit after tax in the consolidated statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from parent shareholder's equity.

## MATSA RESOURCES LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the six months ended 31 December 2012

#### 2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

##### (c) New and amended accounting standards and interpretations

From 1 July 2012, the Consolidated Entity has adopted the Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2012. Adoption of these standards and interpretations did not have any material effect on the financial position or performance of the Consolidated Entity.

The Consolidated Entity has not elected to early adopt any new standards or amendments.

#### 3. SEGMENT INFORMATION

##### Identification of reportable segment

The Group identifies its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group operates primarily in mineral exploration in Western Australia. The Group has also applied for exploration licences in Thailand but at this stage they have not been granted. The total assets relating to the Thailand operations are approximately 5% of the Group's total assets. The decision to allocate resources to individual projects is predominantly based on available cash reserves, technical data and the expectation of future metal prices. Accordingly, the Group effectively operates as one segment, being mineral exploration in Western Australia. The financial information presented in the consolidated statement of comprehensive income and consolidated statement of financial position is the same as that presented to the chief operating decision maker.

##### Basis of accounting for purposes of reporting by operating segments

###### *Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker is in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

#### 4. COMMITMENTS

##### Exploration and Expenditure Commitments

In order to maintain the mineral tenements in which the Consolidated Entity and other parties are involved, the Consolidated Entity is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. The minimum estimated expenditure commitment requirements for the next year is \$1,529,840 (30 June 2012: \$1,284,880). These obligations are capable of being varied from time to time. Exploration expenditure commitments beyond twelve months cannot be reliably determined.

##### Finance Lease Commitments

The Company has finance lease commitments of \$33,894 outstanding at 31 December 2012 (2011: \$82,882).

#### 5. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2012 the Group acquired items of property, plant and equipment with a cost of \$63,788 (2011: \$23,093).

There were no assets disposed of during the six months ended 31 December 2012 (2011: nil).

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the six months ended 31 December 2012

6. EXPLORATION AND EVALUATION EXPENDITURE

	31 Dec 12 \$	30 Jun 12 \$
Costs carried forward in respect of areas of interest in: Exploration and evaluation phase	<u>7,063,127</u>	<u>15,555,003</u>
<b>Movements in carrying amounts</b>		
Balance at beginning of period	15,555,003	14,678,600
Purchase of tenements	-	28,200
Disposal of tenements (a)	(8,808,747)	(75,000)
Exploration and evaluation incurred	952,059	1,180,036
Expenditure written off	(557,685)	(242,235)
Provision for impairment	(77,503)	(14,598)
Balance at end of period	<u>7,063,127</u>	<u>15,555,003</u>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the continuance of the Group's rights to tenure of the interest, the results of future exploration, and the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

- (a) On 16 August 2012 Matsa completed the sale of a 70% interest in the Mt Henry Gold Project to Panoramic Resources Limited ("Panoramic") under a Sale and Purchase Agreement on the following terms:
- (i) Consideration of \$5 million in cash and 14 million fully paid Panoramic shares with a market value of \$7,980,000 at 15 August 2012, resulting in a total consideration received of \$12,980,000;
  - (ii) Matsa to be free carried for a fully funded Bankable Feasibility Study (BFS), which is underway; and
  - (iii) Provision for Panoramic to buy out Matsa's remaining 30% interest for \$6.5 million with a \$5 million royalty as a safety net should Matsa not be able to participate further or is unable to finance its share of the project within 180 days of the delivery of the BFS.

The disposal of tenements reflects 70% of the carrying value of the tenements included in the Mt Henry Gold Project at the time of settlement of the transaction.

**MATSA RESOURCES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the six months ended 31 December 2012

	<b>31 Dec 12</b>	<b>30 Jun 12</b>
	<b>\$</b>	<b>\$</b>
<b>7. ISSUED CAPITAL</b>		
134,621,781 (30 June 2012: 131,171,781) ordinary shares	<u>37,810,962</u>	<u>36,886,308</u>
<b>Issue of Ordinary Shares – during the period</b>	<b>Number of shares</b>	<b>\$</b>
At 1 July 2012	131,171,781	36,886,308
Issued during the period		
Issued on exercise of options	3,450,000	933,100
Transaction costs relating to share issues	-	(8,446)
	<u>134,621,781</u>	<u>37,810,962</u>
<b>Issue of options during the period</b>	<b>Number of options</b>	<b>\$</b>
Opening balance at 1 July 2012	19,100,000	5,149,930
Unlisted options under the ESOP issued during this period	900,000	168,480
Unlisted options issued to directors	5,500,000	1,089,550
Options expired during the period	(9,000,000)	-
Options exercised during the period	(3,450,000)	-
	<u>13,050,000</u>	<u>6,407,960</u>
<b>Issue of performance rights during the period</b>	<b>Number of rights</b>	<b>\$</b>
Opening balance at 1 July 2012	-	-
Rights issued under the PRP during this period	1,000,000	4,589
	<u>1,000,000</u>	<u>4,589</u>

**8. SHARE BASED PAYMENTS**

During the six months ended 31 December 2012 under the Company's Long Term Incentive Plan (LTIP), 6,400,000 share options were issued to directors, staff and consultants.

The options vest immediately at the date of grant. The contractual life of each option is three years and there is no cash settlement of the options.

The fair value of the options granted is estimated at the date of grant using a Black Scholes Option Valuation Model, taking into account the terms and conditions upon which the options were granted.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the six months ended 31 December 2012

**8. SHARE BASED PAYMENTS (cont.)**

The fair value of the options granted during the six months ended 31 December 2012 was estimated at the date of grant using the following assumptions:

Grant Date	<b>12 September 2012</b>	<b>30 November 2012</b>
Number of Share Options	900,000	5,500,000
Dividend Yield (%)	Nil	Nil
Expected Volatility (%)	100.00	100.00
Risk-free interest rate (%)	2.60	2.62
Expected Life (years)	3.00	3.00
Exercise Price (cents)	40 cents	43 cents
Fair Value per Option (cents)	18.72	19.81
<b>Total Value of Options (\$)</b>	<b>168,480</b>	<b>1,089,550</b>

During the six months ended 31 December 2012 under the Company's Long Term Incentive Plan (LTIP), 1,000,000 performance rights were issued to a director.

Grant Date	<b>30 November 2012</b>
Number of Performance Rights	1,000,000
Dividend Yield (%)	Nil
Expected Volatility (%)	100.00
Risk-free interest rate (%)	2.62
Expected Life (years)	3.00
Exercise Price (cents)	-
Share price at date of grant (cents)	34.5
Total value of performance rights issued (\$)	162,130

The performance rights have a share price performance hurdle before they can vest and this has been taken into account in determining the fair value. The total expense is recognised over the life time of the rights issue due to the service conditions of the performance rights.

For the six months ended 31 December 2012, the Group has recognised \$1,262,619 of share based payment expense in the income statement (2011: \$36,575).

**9. RELATED PARTIES**

Arrangements with related parties continue to be in place. For details on these arrangements refer to the 30 June 2012 consolidated annual financial report.

**10. SUBSEQUENT EVENTS**

There were no significant events arising subsequent to 31 December 2012 to the date of this report which may affect the operations of the Consolidated Entity, the results of those operations and the state of affairs of the Consolidated Entity in the future.

**MATSA RESOURCES LIMITED**

**DIRECTORS' DECLARATION**

In the opinion of the directors of Matsa Resources Limited ("the Company"):

1. The financial statements and notes set out on pages 5 to 13 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the six month period on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors, made pursuant to Section 303 (5) of the Corporations Act 2001.



**Andrew Chapman**  
**Director**

Dated this 15th day of March 2013

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## Independent Auditor's Review Report to the members of Matsa Resources Limited

### Report on the Interim Financial Report

We have reviewed the accompanying half-year financial report of Matsa Resources Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the period.

### Directors' Responsibility for the Interim Financial Report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes: establishing and maintaining internal controls relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Matsa Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

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

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Matsa Resources Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



**Nexia Perth Audit Services Pty Ltd**



**PTC Klopper**  
*Director*

Perth  
15 March 2013

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