

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

MATSA RESOURCES LIMITED

ABN

48 106 732 487

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 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	(473)	(2,856)
(b) development	-	-
(c) production	-	-
(d) administration	(709)	(2,489)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	9	29
1.5 Interest and other costs of finance paid	-	(3)
1.6 Income taxes paid	-	-
1.7 Other – Other	6	26
- R&D Refund	-	1,761
Net Operating Cash Flows	(1,167)	(3,532)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	(317)	(802)
(c) other fixed assets	-	(30)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	1,460	4,839
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Security deposits refunded/(paid)	15	374
Net investing cash flows	1,158	4,381
1.13 Total operating and investing cash flows (carried forward)	(9)	849

+ See chapter 19 for defined terms.

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1.13	Total operating and investing cash flows (brought forward)	(9)	849
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(6)	(25)
1.18	Dividends paid	-	-
1.19	Other – Capital raising costs	-	-
	Net financing cash flows	(6)	(25)
	Net increase (decrease) in cash held	(15)	824
1.20	Cash at beginning of quarter/year to date	1,578	739
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,563	1,563

Payments to directors of the entity, associates of the directors, 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	156
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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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

During the September quarter Matsa sold its 30% interest in the Mt Henry Joint Venture to Metals X Limited (MLX) for a consideration of 6.6M MLX shares which had a market value of approximately \$8.1M at the time of settlement.

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.

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	548
4.2 Development	-
4.3 Production	-
4.4 Administration	488
Total	1,036

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	1,513	1,528
5.2 Deposits at call	50	50
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,563	1,578

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	<u>Dunnsville (WA)</u> E16/408	Direct	100%	0%
6.2 Interests in mining tenements and petroleum tenements acquired or increased	<u>Tangadee (WA)</u> E52/3418	Direct	0%	100%

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Issued and quoted securities at end of current quarter

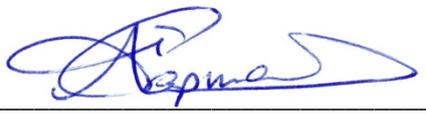
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	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 (description)	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	144,156,779	144,156,779		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities (description)	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
	925,000	Unlisted	\$0.40	30 September 2016
	4,250,000	Unlisted	\$0.30	30 November 2017
	2,650,000	Unlisted	\$0.25	30 November 2017
	615,000	Unlisted	\$0.275	22 May 2018
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
Performance Rights				
7.11 Debentures (totals only)	Nil			
7.12 Unsecured notes (totals only)	Nil			

+ See chapter 19 for defined terms.

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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 29 July 2016

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 and petroleum 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 or petroleum 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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MATSA RESOURCES LIMITED

SCHEDULE OF TENEMENTS HELD AT 30 JUNE 2016

Tenement	Project	Interest at Beginning of Quarter	Interest at End of Quarter	Change During Quarter	
M 63/177	Buldania Rocks	100%	100%		
P 63/1503		100%	100%		
E 15/1380	Dunnsville	100%	100%		
E 15/1381		100%	100%		
E 16/294		100%	100%		
E 16/296		100%	100%		
E 16/362		100%	100%		
E 16/389		100%	100%		
E 16/390		100%	100%		
E 16/403		100%	100%		
E 16/405		100%	100%		
E 16/408		100%	0%	Tenement relinquished	
E16/409		100%	100%		
E 16/427		100%	100%		
E 16/429		100%	100%		
E 16/439		100%	100%		
E16/443		100%	100%		
E16/466		Mt Burges	100%	100%	
E16/467			100%	100%	
E16/468	100%		100%		
E63/1703	Fraser Range	100%	100%		
E 69/3070	Symons Hill	100%	100%		
E 63/1018	Killaloe	80% ¹	80% ¹		
E 63/1199		80% ¹	80% ¹		
E63/1646		100%	100%		
P 63/1672		80% ¹	80% ¹		
E63/1655		85% ²	85% ²		
E63/1660		100%	100%		
E63/1661		100%	100%		
E63/1662		100%	100%		
E63/1713		100%	100%		
E38/2823		Minigwal	100%	100%	
E38/2948	100%		100%		
E38/2949	100%		100%		
E 39/1708	100%		100%		
E39/1716	100%		100%		

MATSA RESOURCES LIMITED

SCHEDULE OF TENEMENTS HELD AT 30 JUNE 2016

Tenement	Project	Interest at Beginning of Quarter	Interest at End of Quarter	Change During Quarter
E 39/1735		100%	100%	
E39/1812		100%	100%	
E39/1834		100%	100%	
E39/1840		100%	100%	
E63/1710	Mt Day	100%	100%	
E52/3418	Tangadee	0%	100%	Granted during quarter
SPL 17/2558	Siam Project	100%	100%	
SPL 19/2558		100%	100%	
SPL 20/2558		100%	100%	
SPL 22/2558		100%	100%	
SPL 23/2558		100%	100%	
SPL 27/2553		100%	100%	
SPL 30/2553		100%	100%	
SPL 34/2558		100%	100%	
SPL 37/2558		100%	100%	
SPL 38/2558		100%	100%	
SPL 39/2558		100%	100%	
SPL 40/2558		100%	100%	
SPL 41/2558		100%	100%	
SPL 43/2558		100%	100%	
SPL 44/2558		100%	100%	
SPL 45/2558		100%	100%	
SPL 48/2558		100%	100%	
SPL 51/2558		100%	100%	
SPL 52/2558		100%	100%	
SPL 53/2558		100%	100%	

All tenements are located in Western Australia apart from the Siam Project which is located in Thailand.

¹= Joint Venture with Cullen Resources Limited

² = Yilun Pty Ltd holds a 15% interest