

December 2015

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Company Information

ASX Code	MAT
Share Price (2 Dec 2015)	A\$0.18
Ordinary Shares	144.2m
Options	7.51m
Market Cap – undiluted	A\$26.0
Cash and Receivables (2 Dec 2015)	A\$3.4m
Liquid Investments (2 Dec 2015)	A\$6.7m
Enterprise Value	A\$15.9m

Directors and Management

Executive Chairman	Paul Poli
Non-Executive Director	Frank Sibbel
Non-Executive Director & Company Secretary	Andrew Chapman
Managing Director - Thailand	Ratha Kheowkhamsaeng
Group Exploration Manager	Dave Fielding

Company Details

Address	Suite 11, 139 Newcastle Street Perth WA 6000
Phone	+618 9230 3555
Web	www.matsa.com.au

Top Shareholders

JP Morgan Nominees	10.52%
HF Resources Pty. Ltd.	8.16%
Mr. Paul Poli	7.35%
RASL AU LLC	5.88%
Top 20	51.88%
Directors and Management	7.63%

1 Year Price Chart



Source: IRESS

Matsa Resources (MAT)

Prospective Diversified Portfolio

Recommendation: Speculative BUY

Key Points

- **Highly prospective base and precious metals exploration portfolio**
- **Includes newly granted, underexplored Thai tenements, prospective for porphyry and skarn copper mineralisation**
- **Western Australian tenements prospective for both Nova-Bollinger and komatiite nickel mineralisation**
- **Additional packages of gold prospective tenements**
- **Well-funded, with ~\$10 million in cash and liquid investments**
- **Active exploration underway with ongoing news flow**
- **Highly leveraged to exploration success**

Matsa Resources has assembled a portfolio of highly prospective base and precious metals exploration tenements in Western Australia and Thailand.

The Company has had a significant boost in Thailand, with the recent granting of a large package of copper prospective licences, located over areas of significant copper geochemical anomalism within the highly prospective Loi-Luang Prabang Fold Belt. The belt is host to a number of major deposits including Phu Kham and Chatree – the Company is now commencing advanced exploration activities, including drilling, on these properties.

Ongoing work has returned results demonstrating the prospectivity of the Western Australian nickel projects, including Symons Range in the Fraser Zone, where the target is Nova-Bollinger style mineralisation and Killaloe, where Archaean komatiite-hosted mineralisation is the target. Although earlier stage, the Western Australian gold projects also have potential.

Given the above, and with ongoing news flow, we rate Matsa as a SPECULATIVE BUY, with price movers being positive exploration results.

Company Overview

Matsa Resources Limited is an Australian based diversified junior explorer focussing activities on base and precious metals, both in Thailand and Western Australia. The Company has a strategy of funding itself through the advancement of, and then selling, interests in projects.

In addition it has a direct equity interest in the Hall's Creek Gold Project, located near Hall's Creek in the Kimberley region of Western Australia, through its investment in Bulletin Resources Ltd. Hall's Creek includes the Nicolson's Mine, an underground operation, which commenced production of gold in September and is forecast to produce around 106,000oz of gold over a 4.5 year mine life.



Investment Thesis

Diverse tenement portfolio

Diverse Tenement Portfolio

Matsa Resources Limited (ASX: MAT, “Matsa” or “the Company”) has a diverse portfolio of tenements in Western Australia and Thailand, prospective for base and precious metals.

Recently granted highly prospective but underexplored Thai tenement

Thai Tenements Recently Granted

In Thailand the Company was granted in March this year a large block of its copper tenement applications, which is a noteworthy move given that this is first time in many years that such a large group of tenements has been granted at one time to any company.

Encouraging results to date from Thailand, with a comprehensive work programme underway

Highly Prospective but Underexplored Belt

These tenements are located over the highly prospective Loei-Luang Prabang Fold Belt in central Thailand, a belt that hosts world class deposits including Chatree and Phu Kham (in Laos) – the Company’s tenements are considered prospective for porphyry and skarn copper mineralisation.

Highly Encouraging Results to Date

This prospectivity is borne out by the results of Matsa’s work to date, including work carried out by the Department of Mineral Resources, Thailand (“DMR”). This work has outlined large areas of significant copper anomalism, including float and outcrop with visible copper mineralisation.

Comprehensive Work Programme Now Commenced

Following the grant, Matsa has now commenced a more comprehensive programme, including drilling, over two key prospects, with initial work including induced polarisation (“IP”) surveying which has defined possible porphyry copper drill targets at the Siam 1 prospect, and defining drill targets for skarn mineralisation at Siam 2.

WA nickel tenements are in the right addresses, and have returned positive results

Western Australian Nickel – in the Right Addresses...

The Western Australian nickel projects are in the right addresses – Symons Hill is located over the key Fraser Zone of the Albany-Fraser Orogen, within 6km of Nova-Bollinger, and Killaloe is located over Archean mafic/ultramafic greenstones; the right host for the komatiitic mineralisation being targeted.

...and Have Returned Promising Results

Ongoing work over both nickel projects has returned encouraging results, with these reinforcing the prospectivity for mineralisation, and providing the impetus for ongoing activities, including further drilling which has recently commenced at Symon’s Hill.

Don’t Forget the Gold

The Company’s portfolio of gold projects, which are mainly early stage, are also prospective, with ongoing work, including RAB drilling, currently underway.

Cash and liquid investment position will allow Matsa to concentrate on effective exploration

Cashed Up

One key with Matsa is that they have good access to capital, with around \$10 million in cash, receivables and listed investments, with, in our view, the majority of the listed investments being readily convertible to cash.



Can Concentrate on Exploration

The cash and liquid investment position allows the Company to concentrate on the job at hand – finding orebodies – without being distracted by having to constantly rattle the tin. This will also allow them to plan the most effective exploration, without having to compromise activities due to a restricted cash position.

Strong, Committed and Incentivised Team

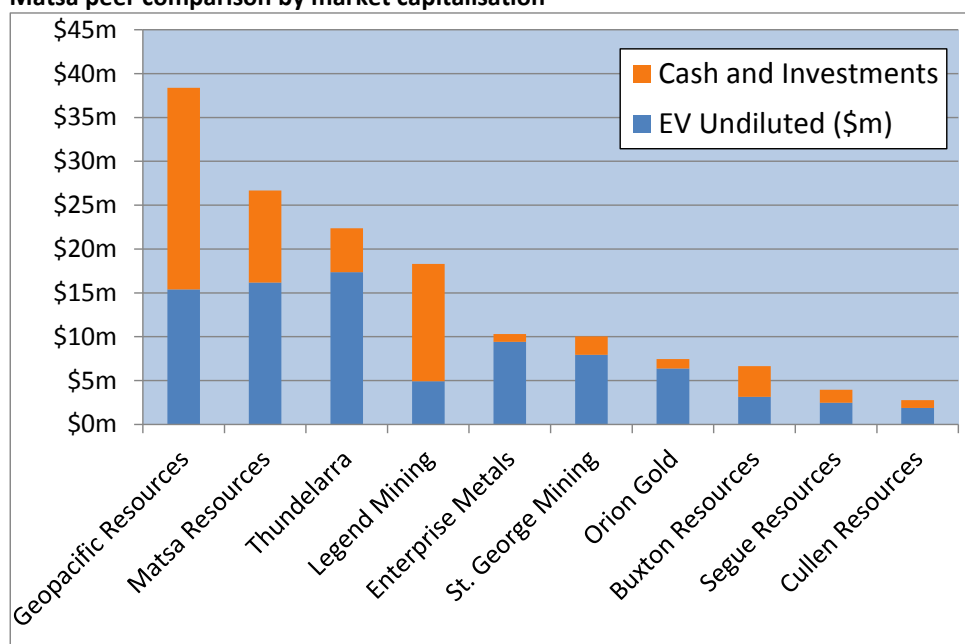
The Board and Management have extensive experience in Western Australia and Thailand. In addition Directors and Management have holdings in the Company, and thus will be motivated to produce strong returns for shareholders.

Peer Comparison

Matsa is one of a number of diversified junior explorers listed on the ASX. In the table below we have compared a mix of companies, including diversified explorers, nickel only (including Legend), nickel-gold (St. George) and one, Geopacific, operating in Cambodia which has had recent exploration success - while this is not reflected in its share price, it has recently been able to raise \$14 million.

We have considered cash as that held on June 30, 2015, and added or subtracted significant movements as subsequently announced. We have generally not taken into account depletion due to subsequent normal expenditure. Investments are those as highlighted by companies in presentations and releases, and largely include holdings in listed companies.

Matsa peer comparison by market capitalisation



Source: IRESS, company reports

The Company is well leveraged to exploration success. Recent discoveries in Australia that have led to large price moves include the Nova-Bollinger discovery by Sirius in 2012 (\$0.05 to a peak of \$5.00/share) and the Doolgunna discovery by Sandfire in 2009, which had an initial run from \$0.05 to \$4.08/share, with subsequent movements to over \$8.00/share.

Experienced personnel with skin in the game

Matsa is one of a number of ASX-listed junior diversified explorers

The Company is well leveraged to exploration success



Risks

As in any resources stock there are a number of risks involved – the ones pertinent to Matsa's current situation are given below.

Exploration risk is the key risk

- **Exploration** – This is the key risk for any junior explorer. However this is partly mitigated given the prospectivity of the tenements as demonstrated by work thus far.
- **Funding** – The Company is not hampered by lack of funding, with current cash, receivables and liquid investments in the order of \$10 million, more than sufficient to fund activities for a few years.
- **Permitting and Sovereign Risk** – This may be of particular concern in Thailand, although is partially mitigated by the recent tenement grant and the in-country experience that company personnel have. However Thai politics can be volatile and the bureaucracy and processes sometimes opaque. Also dealing with a number of small landholders can be an issue, however judging by work to date it would appear that Matsa is managing things well. Given the known mining jurisdiction, we consider these as low risk in the case of the Western Australia projects.



Project and Activities Review

Introduction

Matsa has a diversified portfolio of exploration properties, both in Australia and Thailand. Projects include:

Thailand – MAT 100%

- Siam Copper
- KT Gold
- Paisali Base Metal Project (previously referred to as the Paisali Iron Ore Project)

Diversified exploration portfolio in Western Australia and Thailand

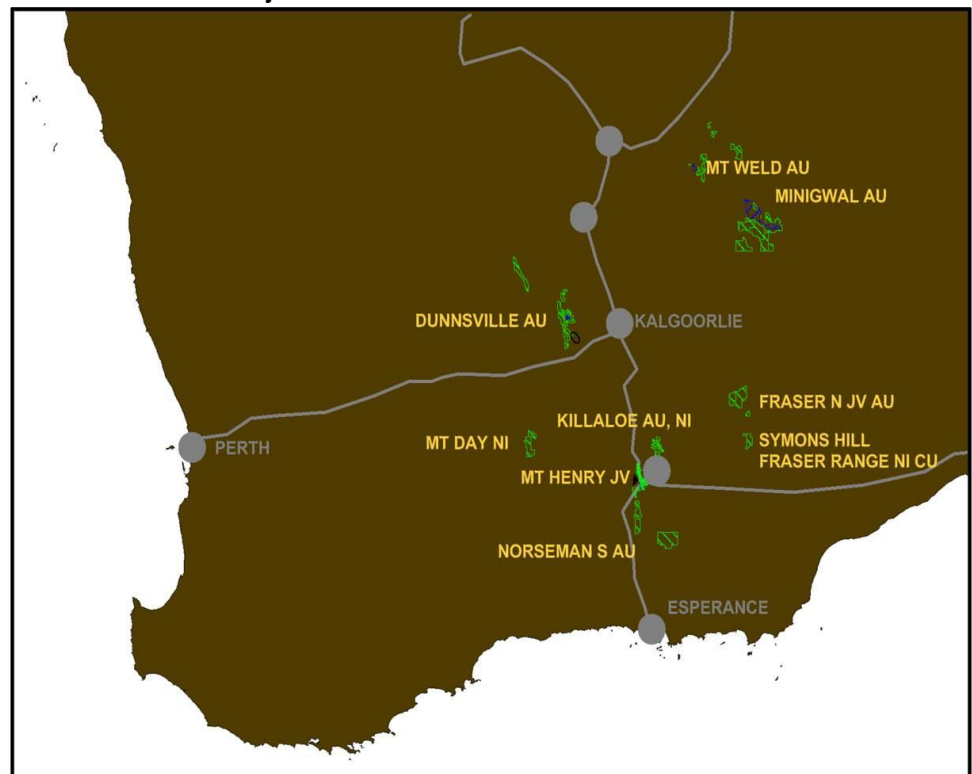
Western Australia

- Symons Hill – MAT 100% – Nickel /copper, Fraser Range
- Killaloe – MAT 100%, MAT 80%, Cullen (ASX: CUL) 20% – Gold and nickel, Norseman area, Western Australia
- Minigwal – MAT 100% – Gold and nickel, North-eastern Goldfields, Western Australia
- Dunnsville Gold - MAT 100% – Gold, 70km northwest of Kalgoorlie

In addition to the direct interests in projects, the Company has a 26.1% shareholding in Bulletin Resources (ASX: BNR) which has recently produced first gold from its 20% held Halls Creek (formerly Nicholson's) Gold Project, located near the town of Hall's Creek in the Kimberley region of Western Australia.

Western Australian projects are shown in the figure below – the location of the Thai projects is shown later.

Western Australian Projects



Source: Matsa Resources



Thai Projects

Introduction and Tenure

Matsa's Thai projects, originally applied for in 2010, include a number of Special Prospecting Licences ("SPL's) and Special Prospecting Licence Applications (SPLA's) as shown in the figure below. These are located in north-central Thailand, in the provinces of Phetchabun, Nakhon Sawan and Lopburi.

The tenement areas are listed below:

- Siam Copper – 20 granted SPL's and 25 SPL applications (SPLA's) for 635km²
- Paisali Base Metal – 14 SPLA's – 174km²
- KT Gold – 6 SPLA's - 68km²

The area is generally over cleared low value smallholder farmland, with well-developed infrastructure, including transport and power.

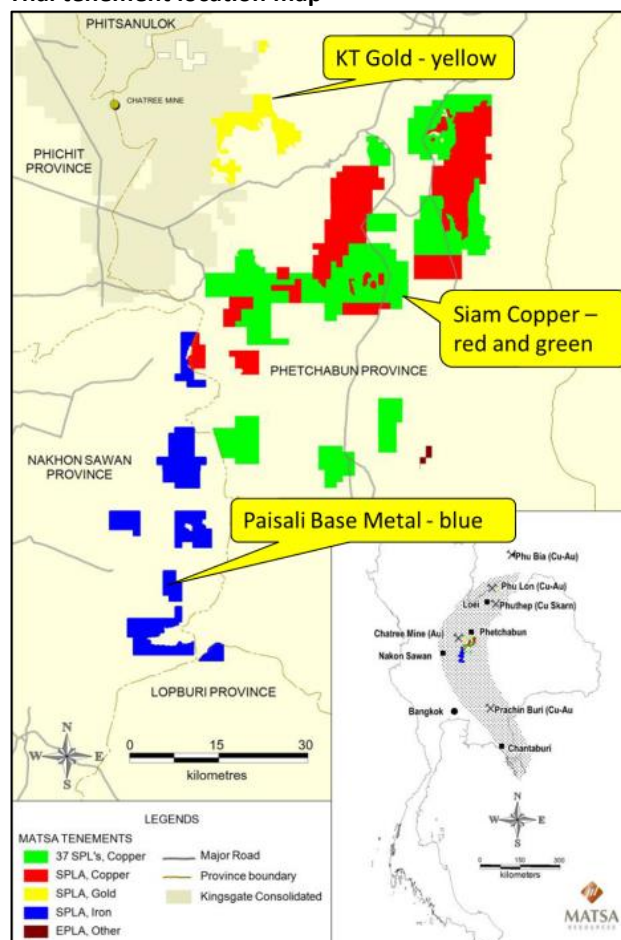
The Siam Copper Project SPL's and SPLA's are for Cu, Pb and Zn exploration, with 10 of the tenements also being approved for iron exploration. The copper properties cover areas of stream geochemistry outlined by work carried out by the DMR.

The SPL's were granted for a period of 5 years (subject to meeting exploration programmes) as announced to the market on April 8, 2015. This was a significant event, being the first time in a number of years that such a large number of licences were granted at one time. They are held by PVK Mining Co., Ltd. and Siam Copper Resources Co., Ltd., both wholly owned subsidiaries of Matsa.

The Company has a number of granted tenements and applications in north-central Thailand

The recent grant of copper tenements was significant

Thai tenement location map



Source: Adapted from Matsa Resources



The KT Gold Project comprises a number of SPLA's, located 20km to the east of Kingsgate Consolidated's (ASX: KCN) Chatree Mine. It is not clear when these may be granted – there is currently a review of the gold policy which will delay the granting of gold projects in Thailand, with no certainty when this will be resolved.

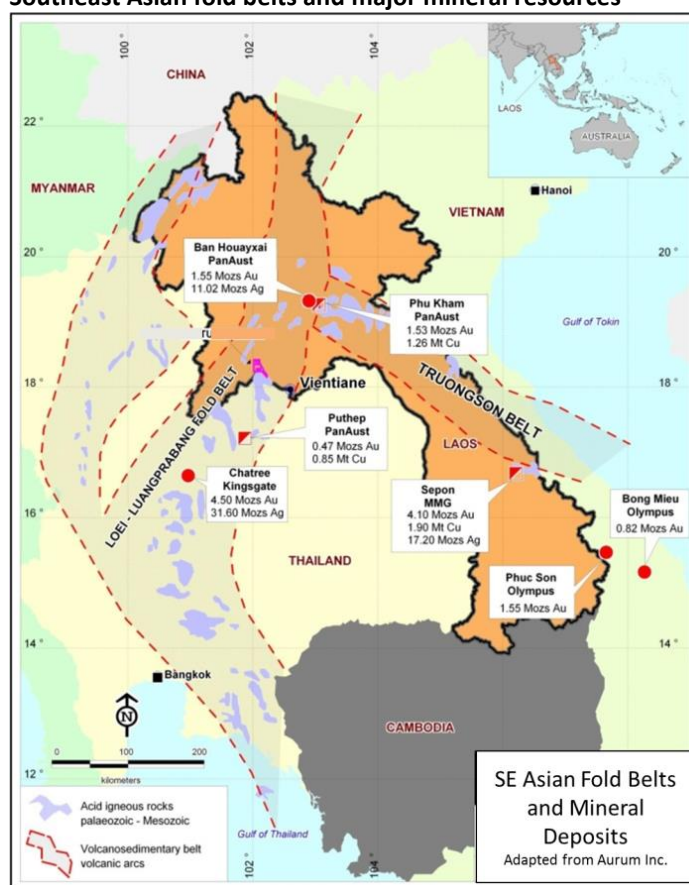
The third group includes the Paisali Base Metals (previously Iron Ore) Project, again including SPLA's. The area was originally applied for based on the potential to produce direct shipping magnetite from a number of magnetite skarn bodies – there is small scale mining in the area. There is also the potential for copper mineralisation associated with the skarn bodies, as demonstrated at the nearby Kao Lek deposit.

Regional Geology and Target Mineralisation

All projects are located over the highly prospective (but under-explored) Loei-Luang Prabang Fold Belt, part of a complex of Palaeozoic to Mesozoic island arcs in SE Asia, which host a number of world class deposits, including Chatree (epithermal gold), Phu Kham (porphyry copper/gold) and Sepon (igneous related sedimentary replacement copper/gold). These are shown in the figure below.

All Thai tenements are located over the highly prospective Loei Belt

Southeast Asian fold belts and major mineral resources



Source: Adapted from Aurum Inc.

In Thailand, main units include parallel striking belts of island arc acid to intermediate volcanic and intrusive rocks, and marine sediments. These formed above an east dipping subduction zone, prior to and associated with the Late Jurassic to Triassic (ca 257-219Ma) collision of the Shan-Thai and Southeast Asian continental plates. The Company believes the tenements to be prospective for porphyry and porphyry-related copper mineralisation, including skarn and vein-hosted copper.

These island arc related belts are an important host to copper and gold resources globally, with active examples including the Indonesian Archipelago and the Philippines,

The Palaeozoic-Mesozoic belt hosts a number of significant deposits, including Chatree



which host a number of world-class deposits. Ancient analogues include the Ordovician volcanic/sedimentary belts in New South Wales, host to a number of large deposits, including Cadia, North Parkes and Lake Cowal.

Previous Work

Previous work carried out over the project areas has included 400m E-W line spaced combined electro-magnetic ("EM") and heliborne magnetics surveying and -80# stream sediment sampling. This was carried out by the DMR with results of the work made available to explorers.

This work delineated a number of areas of copper anomalism defined by the stream sediment sampling (as shown in the figure below), with four principal anomalies, Siam 1 to Siam 4 being outlined. These defined the area of Matsa's original copper applications, with the Siam 1 and Siam 2 anomalies being on the now granted SPL's, and the focus for current activities.

Work By Matsa

Work by Matsa over the SPL's (largely concentrated on the Siam Copper Project) commenced in 2011, which included infill stream sediment sampling and reconnaissance geological mapping (Thai mining law allows low impact exploration to be carried out on SPL's). Subsequent work has included soil sampling, further stream sediment sampling and "pool" sampling (samples taken in water management pools in heavily cultivated areas, where silt accumulation at the surface may mask underlying geochemistry – the pools have exposures of the in-situ weathered soil profile).

This work has reinforced the prospectivity of the Siam 1 and Siam 2 copper anomalies, which are now being followed up. In addition promising results have been received from a number of other anomalies defined by the more detailed work of Matsa, as shown below.

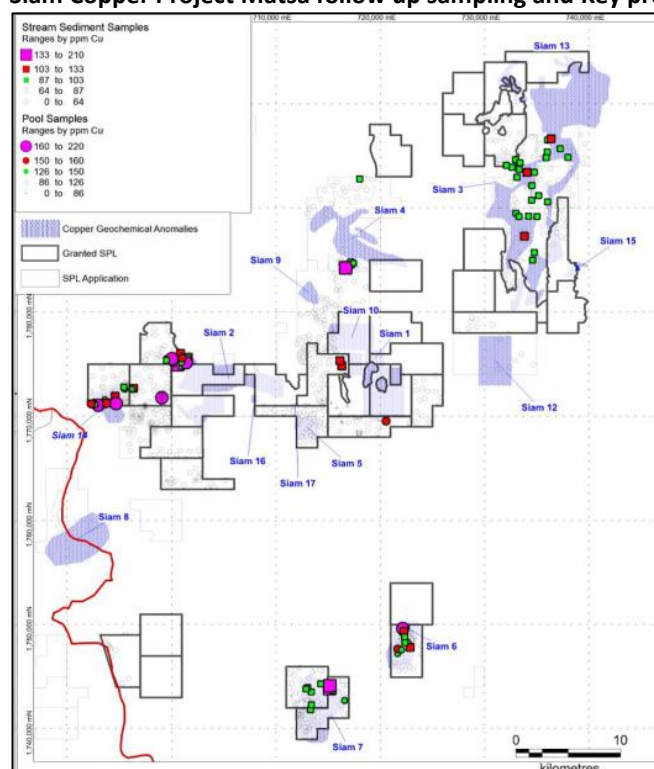
Previous work by the Thai DMR outlined significant areas of copper stream anomalism, which formed the basis for Matsa's applications

Matsa has carried out extensive follow up mapping and geochemical sampling

The work has highlighted the prospectivity of the package

Matsa's work has defined a number of areas that require follow up

Siam Copper Project Matsa follow up sampling and Key prospects



Source: Matsa Resources

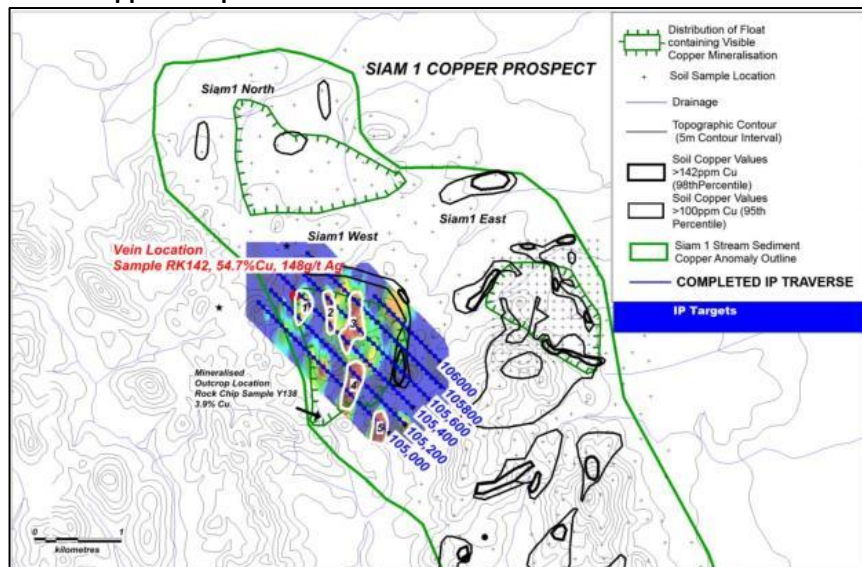


Work is now concentrated on Siam 1 and 2, which fall within the granted tenements

Siam 1 Copper Prospect

The Siam 1 Copper Prospect (shown below) is marked by stream and soil copper geochemistry. Follow up work has defined three areas, each of around 1km², comprising scattered float and outcropping basaltic to andesitic volcanic breccia containing secondary copper and native copper.

Siam 1 Copper Prospect



Source: Matsa Resources

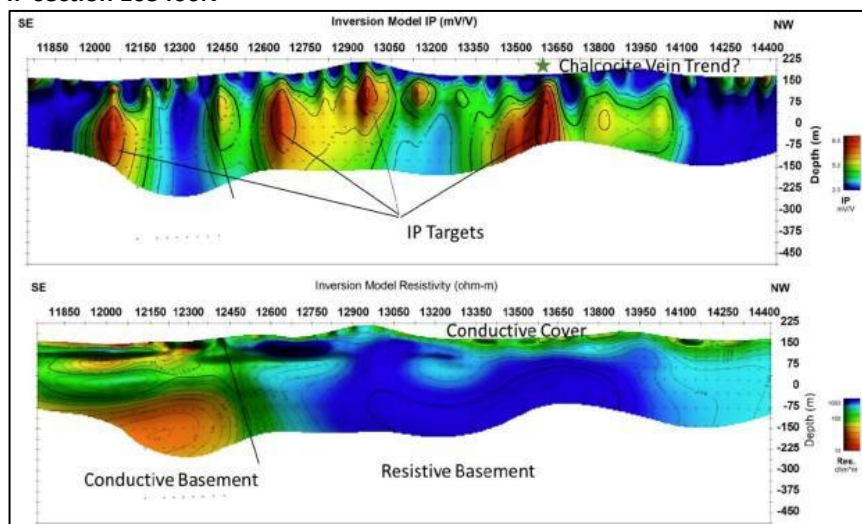
Siam 1 has three areas of float and outcrop with visible secondary copper mineralisation – it is considered prospective for porphyry mineralisation

An outcropping vein return assays up to 54.7% copper

More recent work in this area of very poor outcrop has discovered a narrow (10cm) wide vein, which has assayed up to 54.7% Cu and 148 g/t Ag. The vein is comprised largely of chalcocite, malachite and azurite, and the Company is of the view that this may represent remobilised copper from some deeper primary source (possibly porphyry), and also maybe one of a number of such veins.

The Company has recently commenced a dipole-dipole IP survey to test the Siam 1 West and Siam 1 East anomalies, with the results to be used for drill targeting. Results released to date have defined a four priority north-south trending chargeable zones at Siam 1 West, as shown in the above diagram. Four of those are within what is interpreted as resistive basement, with the fifth in a more conductive zone to the south-east. Diamond Drilling of these targets is scheduled to commence in the first week of December 2015 with a preliminary 8 hole, 2350m first pass programme.

IP section 105400N



Source: Matsa Resources

IP results today have delineated a number of complex anomalies that require drill testing



An auger soil sampling survey is also underway in other areas to define areas of near surface mineralisation.

Siam 2 Copper Prospect

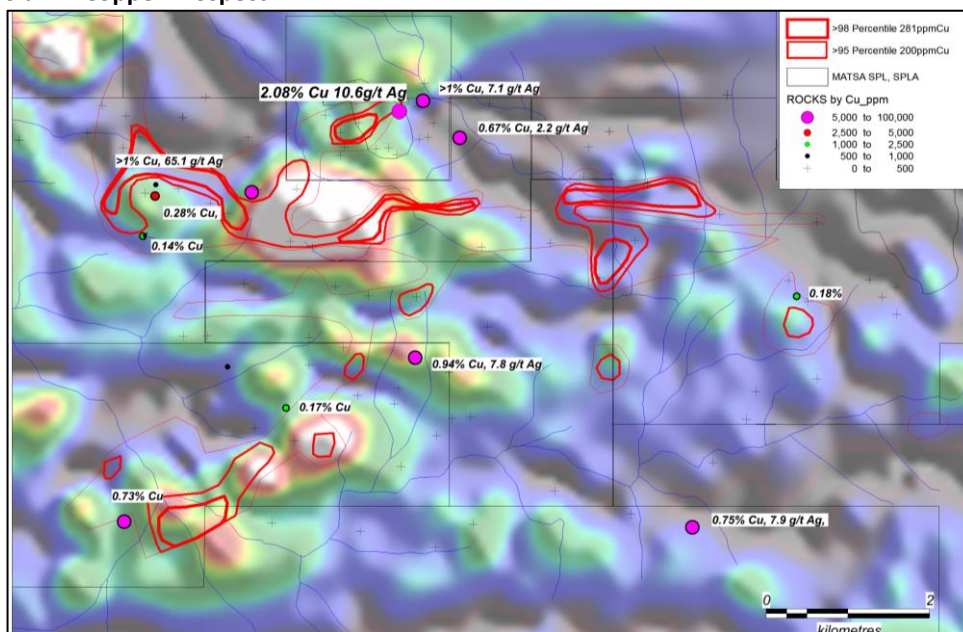
Siam 2 is considered prospective for skarn mineralisation

Siam 2 is marked by areas of strong stream sediment and soil copper geochemistry over an area of some 20km². Again, like Siam 1, outcrop is poor however there are exposures of magnetite bodies, reflecting regional magnetic anomalies defined by the airborne survey. Work by Matsa has included geochemical sampling, geological mapping and ground magnetics surveying.

Magnetite/quartz float containing secondary copper has been found

Of particular interest is the presence of malachite and azurite mineralised magnetite/quartz float, which assayed at 2.05% Cu and 10.6 g/t Ag. This is significant, and highlights the potential for skarn style mineralisation.

Siam 2 Copper Prospect



Source: Matsa Resources

Paisali Base Metal Project

Paisali is considered prospective for skarn mineralisation

Work to date has included 700 line kilometres of ground magnetics surveying to better define aeromagnetic anomalies, and geochemical sampling. The more recent soil and pool sampling has investigated the potential for copper mineralisation, and has returned results up to 775ppm Cu.

Symons Hill Project

Introduction and Tenure

Matsa's 100% held Symons Hill project comprises one granted tenement, E69/3070 for 96km². The project is located some 6km SSW of Independence Group's (ASX: IGO) 13.1Mt Nova-Bollinger Mine in the Fraser Range region of Western Australia.

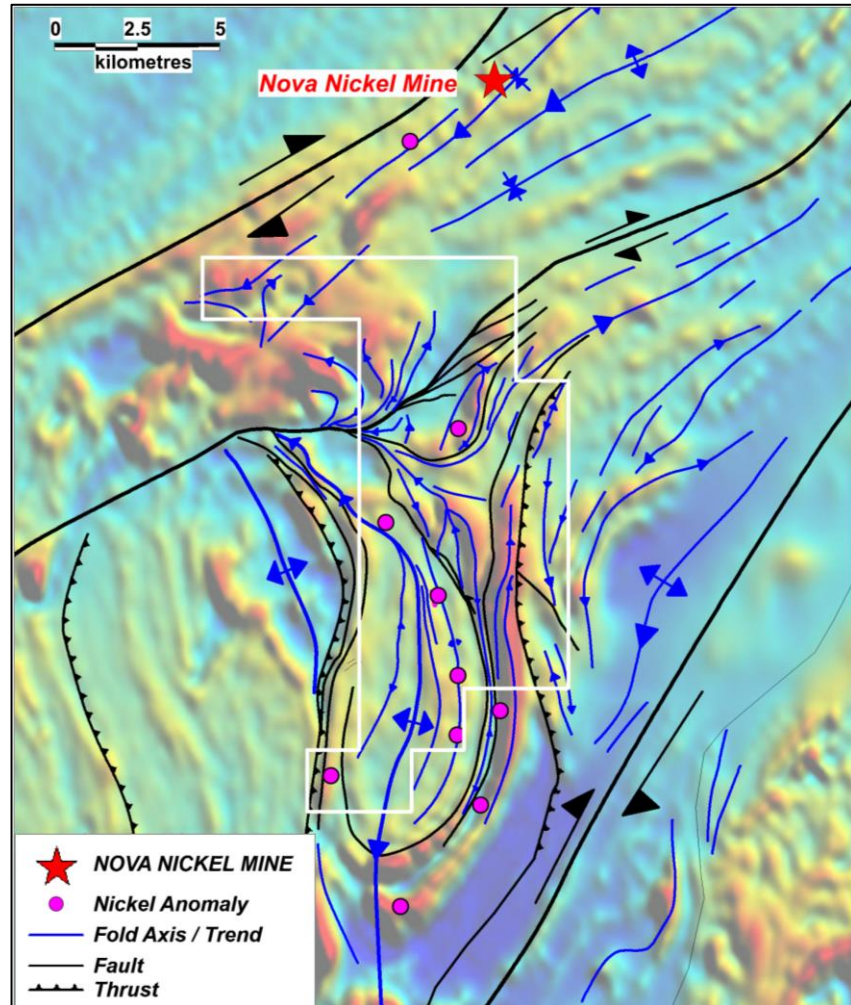
Geology and Mineralisation

Symons Hill is located over the southwestern end of the Fraser Zone, considered the most prospective tectonic unit within the Meso-Proterozoic Albany-Fraser Orogen, a mobile belt which fringes the Archaean Yilgarn Craton to the west. Key units include ultramafic, mafic and felsic intrusives, intruding into older metamorphosed sediments and volcanics.



Symons Hill location on magnetics image

Symons Hill is located over the Fraser Zone, 6km SSW of Nova-Bollinger



Source: Matsa Resources

The Albany-Fraser Orogen is similar to the Circum-Superior Belt in Canada, host to a number of nickel districts

The belt has key similarities to the Circum-Superior Belt in Canada and to the deposits hosted therein. In addition the Fraser Zone and adjacent units has aspects necessary for the formation of layered intrusive related Ni-Cu-PGE mineralisation.

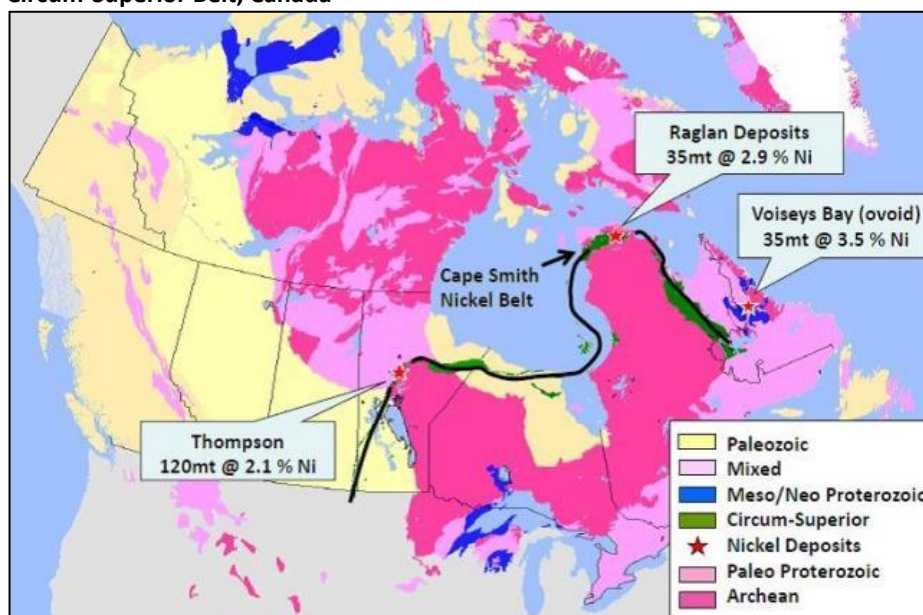
- Meso-Proterozoic in age, and part of a global network of similarly aged mobile belts
- 1300Ma ultramafic, mafic and felsic intrusives – mafic and ultramafic intrusives are the source for the nickel and copper
- This is of a similar age to the 1350-1290Ma age Nain Plutonic Suite which hosts Voisey's Bay
- Intruded through crustal meta-sediments or sedimentary derived gneisses ("paragneiss"), which are required as a sulphur source for the formation of nickel and copper sulphides

The Fraser Zone is considered the most prospective element with the Albany-Fraser Orogen

The Fraser Zone is considered the most prospective zone within the Albany-Fraser Orogen for Ni-Cu-PGE mineralisation and hosts the 13.1Mt Nova-Bollinger deposit, discovered by Sirius in 2012-13. The zone is characterised by relatively intense structure and a strong gravity signature, probably reflecting large volumes of metagabbroic intrusives, which comprise sheets ranging from a few centimetres to 100's of metres in thickness intruding into the granulite facies sedimentary derived gneisses. It is the high volume of intrusives, reflecting a high magma flux that gives this zone its prospectivity.



Circum-Superior Belt, Canada



Source: Sirius Resources Presentation

Work by Matsa

Since acquiring the tenement in 2012, Matsa has completed a comprehensive exploration programme. This has included:

- Soil sampling
- Airborne versatile time domain EM ("VTEM") surveying
- Moving loop EM ("MLEM") surveying
- Fixed loop EM ("FLEM") surveys
- Aircore drilling
- 23 RC drillholes for 4,481m
- 8 diamond drillholes for 2,788.5 (including RC pre-collars)
- Downhole EM

Matsa has completed significant work over Symons Hill

Most recent work (which is ongoing) has been a high power fixed loop EM ("HPFLEM") survey over a large area of the tenement, which the Company will use for future drill targeting.

The geology is similar to that at Nova-Bollinger

The geochemical and EM surveys have outlined multiple targets, with a number of these tested by drilling to date. Although no ore grade intersections have been drilled, results have been very encouraging, with indicators of possible mineralisation in the drilling:

- Disseminated chalcopryrite and pyrite in hole 14SHDD06 (3.2m @ 0.4% Cu from 455m)
- Semi-massive pyrrhotite with anomalous nickel and copper in hole 14SHDD07 (0.55m @ 0.05% Ni and 0.07% Cu), located near a bedrock geochemical anomaly
- RC drilling has intersected nickel up to 0.2% in fresh mafic/ultramafic granulites

Disseminated and massive sulphides have been intersected

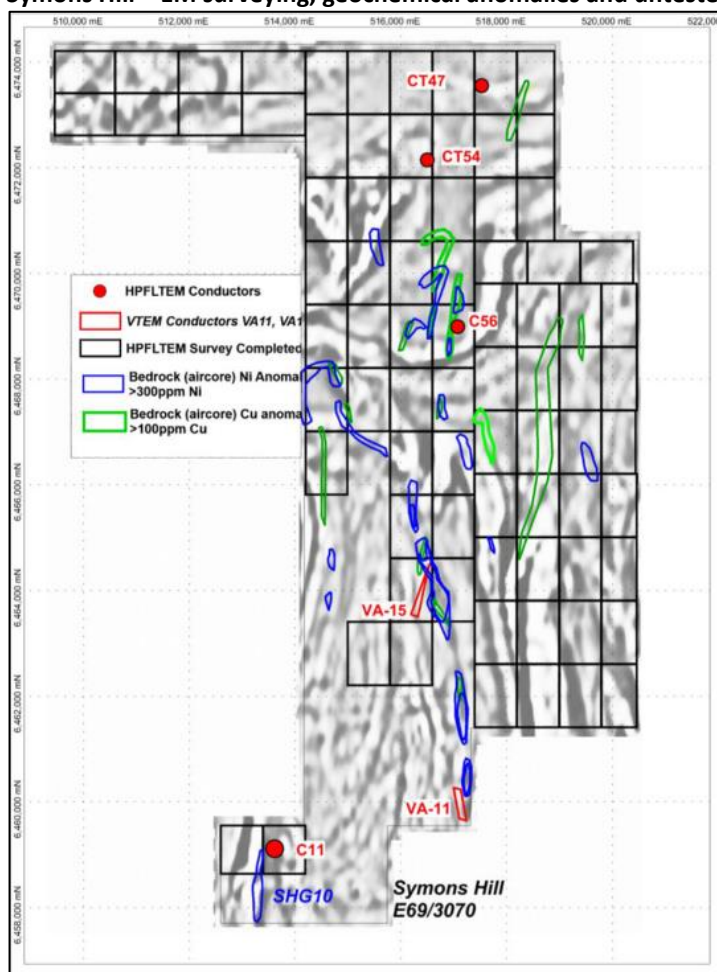
The Company is of the view that the near surface geology at Symons Hill is similar to that at Nova-Bollinger.

Ongoing EM has delineated a number of additional EM targets that will be drill tested in the near future

Ongoing HPFLEM surveying is continuing to identify conductors, which the Company will drill test in an upcoming programme in December 2015. The conductors remaining to be tested include VA15 and C11 and conductive targets CT47, CT54 and CT56 (as shown in the following diagram).



Symons Hill – EM surveying, geochemical anomalies and untested conductors



Source: Matsa Resources

Killaloe Project

Introduction and Tenure

Killaloe is prospective for Archaean komatiite related nickel

Matsa's second nickel project is Killaloe, located 35km northeast of Norseman. Cullen Resources has a 20% free carried interest in four of the twelve tenements that comprise Killaloe, with a private group, Yilun Pty. Ltd. having a 20% interest in one other.

Exploration was originally for gold, to find feed for the nearby Mt. Henry Gold Joint Venture Project (subsequently sold to Metals-X – ASX: MLX), however a review of historical exploration data indicated the potential for Archaean komatiite-hosted nickel massive sulphide mineralisation, similar to that at Kambalda and in the Agnew-Wiluna Belt.

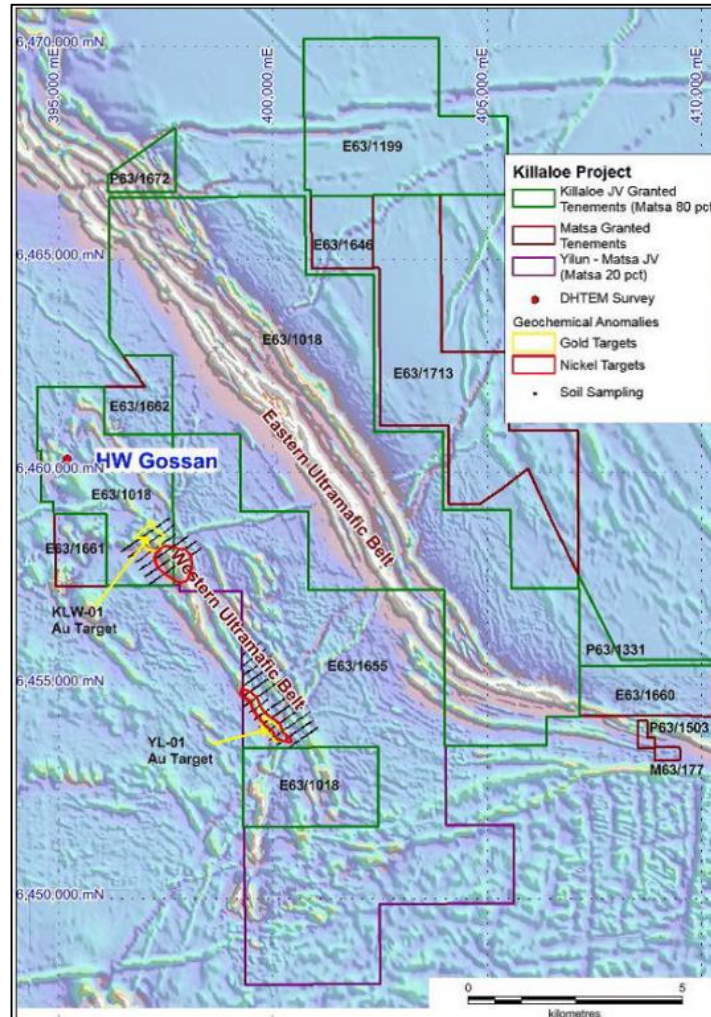
Geology and Mineralisation

The nickel prospective geology includes two NNW trending greenstone belts; the Eastern Ultramafic Belt ("EUB") and Western Ultramafic Belt ("WUB") as shown in the figure below.

Drilling by the Company has intersected komatiitic rocks, with prospective features including lava channels, a common site for massive sulphide mineralisation in komatiitic nickel deposits. Drilling has also intersected magmatic sulphides in the channels and at the basal contacts of the ultramafic units with underlying basaltic units. These features indicate the prospectivity of the Project. One complicating feature however is the intense faulting and shearing.



Killaloe Project on magnetics image



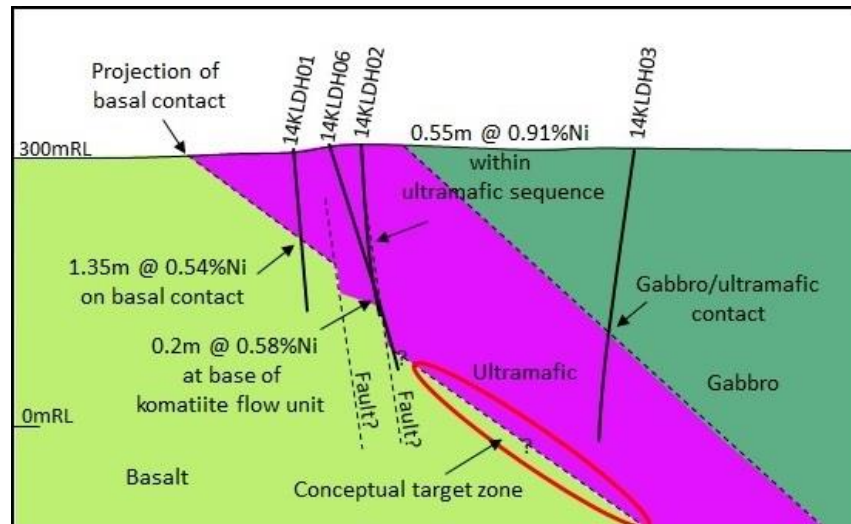
Drilling has intersected channel facies komatiites, as well as sulphide nickel mineralisation at the basal contact

Source: Matsa Resources

Work by Matsa

The most recent work has been concentrated on the nickel targets, with six diamond drillholes for 2,012.8m being completed at the Hanging Wall Gossan ("HWG") prospect in 2013 and 2014. As mentioned above this work returned very encouraging results, confirming the prospectivity for komatiite-hosted massive sulphide mineralisation.

HWG cross section



Source: Matsa Resources



Peak intersections include 0.55m @ 0.91% Ni from 110.75m in hole 14KLDH02, associated with a 5m zone of disseminated pyrrhotite and pyrite in a sheared cumulate textured komatiite.

Previous work has included aircore and RC drilling, including a five hole RC programme in 2013 testing a number of EM conductors over the EUB. Three of these conductors are due to graphitic black shales, some of which contain appreciable zinc (including 18m @ 1.05% Zn in hole 13KC50), demonstrating prospectivity for base metal mineralisation associated with the shales.

Minigwal Gold and Nickel Project

Introduction and Tenure

The Minigwal Project is located within the Northeast Goldfields of Western Australia, between St. George Mining's (ASX: SGQ) East Laverton Ni/Au Project and Impact Minerals (ASX: IPT) Mulga Tank Ni Project, some 200km northeast east of Kalgoorlie. The project includes 12 Exploration Licences and applications for 1,049km².

Geology and Mineralisation

The tenement package is situated over parts of the northwest trending, underexplored Stella Range Greenstone Belt, near the eastern edge of the Archaean Yilgarn Craton. The craton rim forms a convergent margin with the Proterozoic terrane to the east; however the boundary is not well defined, being approximated by the complex Albany-Fraser Mobile Zone. The Albany-Fraser Zone has been the site of two recent major discoveries; the Tropicana Gold Mine and Sirius's Nova-Bollinger nickel discovery.

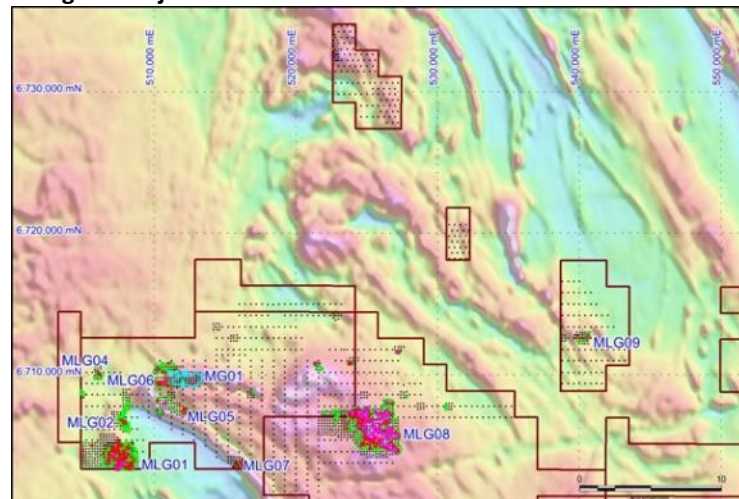
The Stella Range belt is a metamorphosed and complexly folded sequence of northwest striking largely bi-modal mafic and ultramafic intrusives and volcanics, and is considered prospective for both nickel and gold mineralisation. Some areas are covered by appreciable transported material.

Work by Matsa

Work to date by Matsa has included soil auger geochemical sampling and aircore bedrock drilling, which has identified one nickel (MG01) and several gold anomalies that require further follow up. The presence of komatiitic units has also been confirmed at target MG01, with values up to 0.24% Ni and 0.03% Cu in weathered bedrock.

Key anomalies are shown in the figure below.

Minigwal Project anomalies



Source: Matsa Resources

Minigwal is located over the Stella Range Greenstone Belt, between St. George's East Laverton Project and Impact's Mulga Tank Project

Work to date has defined gold and nickel geochemical anomalies that require follow up



Dunnsville is located 70km northeast of Kalgoorlie, with a number of gold targets being defined

Dunnsville Gold Project

The 304km² Dunnsville Gold Project is located approximately 70km northwest of Kalgoorlie. The area is structurally complex, and the interpretation of a recent 50m spaced low level aeromagnetic survey has identified 27 stratigraphic/structural targets considered prospective for gold mineralisation. The geology is also deeply weathered, with some areas of appreciable cover, which can hamper exploration.

Previous work by Matsa has included soil sampling, aircore drilling, RAB drilling and diamond drilling, which has returned encouraging results. In addition sub-audio magnetic ("SAM") surveying has helped define drill targets. The soil sampling has defined a number of anomalies, with follow up RAB drilling returning up to 1m @ 6.33g/t Au and 4m @ 1.06g/t Au. Diamond drilling at the Big Red prospect returned up to 1.1m @ 2.56g/t Au.

Investments/Substantial Holdings

Introduction

The Company's listed investments are given below. Of these we consider that Metals-X and Panoramic to be liquid investments, and readily convertible to cash should the need arise. The holding in Bulletin however is illiquid in our view.

Company	Code	Holding	Last Price	Value	Notes
Bulletin Resources	BNR	47,637,313	\$0.028	\$1,333,845	Active investment - control
Metals-X	MLX	4,000,000	\$1.015	\$4,060,000	Consideration for Mt. Henry sale
Panoramic Resources	PAN	6,000,000	\$0.215	\$1,290,000	
Total				\$6,683,845	

Source: Company reports, Breakaway analysis, IRESS, prices as of COB December 2, 2015

The Panoramic Resources and Metals-X shareholdings have come about sales of equity in the Mt. Henry Gold Project. In 2012 Matsa sold 70% of the project to Panoramic Resources for 14 million shares and \$5 million in cash. This has been followed up by the sale of the complete project to Metals-X – Matsa received 6.6 million shares for their remaining 30% stake. Bulletin Resources is an associated company, with both Mr Poli and Mr Sibbel being on the board, and Mr Chapman being company secretary. Matsa initially gained an interest through placements in Bulletin in the first half of 2013 to help fund activities on the Hall's Creek Gold Project.

Bulletin Resources

Bulletin Resources (ASX: BNR, "Bulletin") has a 20% contributing interest in the Halls Creek (formerly Nicolson's) Gold Project, located near Hall's Creek in the Kimberley region of Western Australia. The project, which is currently in the commissioning stage, is operated by Halls Creek Mining Pty. Ltd., a wholly owned subsidiary Pacific Niugini Limited (ASX: PNR), who acquired their 80% share from Bulletin.

Bulletin has covered approximately 77% of its estimated 20% capital contribution of A\$3 million through a gold pre-pay facility with the Commonwealth Bank of Australia ("CBA") – this includes a facility of \$2.3 million repayable through the delivery of 1,705oz of gold, and hedging of 3,695 ounces of gold at a fixed price of A\$1,598/oz.

The underground Nicolson's operation is targeting production of 30,000 tonnes per annum, producing some 106,000oz of gold over a 4.5 year mine life with a metallurgical recovery of 96% through a conventional CIP circuit. Sustaining operating costs (excluding capital) were estimated at A\$854/ounce, with initial and sustaining capital estimated at A\$107/ounce. Interestingly preliminary production result are proving substantially better

The Company has substantial holding in ASX listed companies

Matsa has a 25% stake in Bulletin Resources, which has a 20% equity stake in the Hall's Creek Gold Project

Hall's Creek is in commissioning, and is looking at a 4.5 year, ~25,000oz pa underground operation



production than anticipated in the feasibility studies providing significant increased potential of the mine.

Current Probable Ore Reserves are 435,000t @ 6.17g/t Au, for 86,362oz of gold which covers some 79% of the mine plan. The remaining 21% of mine life is covered by inferred resources; however the Bulletin has stated that the operation is financially robust on just the reserves alone. Mineral Resources are given below.

The mineralisation is hosted in shears within folded and metamorphosed turbidites and felsic volcanoclastics within the Paleoproterozoic Hall's Creek Orogen.

Nicholson's Gold project JORC-2012 Compliant Mineral Resources

Deposit	Tonnes	Grade (g/t)	Gold ounces
Nicholson's			
Indicated	573,610	6.55	120,795
Inferred	195,042	6.75	42,328
Total	768,652	6.6	163,123
Wagtail/Wagtail North			
Indicated	236,000	4.6	35,000
Inferred	17,000	3.4	2,000
Total	253,000	4.5	37,000
Rowdies			
Indicated	52,000	4.4	7,000
Inferred	13,000	4.7	2,000
Total	65,000	4.5	9,000
Total Resources	1,086,652	6.0	209,130

Source: Bulletin Resources

Breakaway's View

Matsa has a diversified and highly prospective tenement portfolio. In our view the recent tenement grant in Thailand was a major event, and will now allow the Company to progress to more advanced exploration with the certainty that comes with granted tenements – previous expenditure was always at risk should the tenements not be granted, considering the sometimes volatile nature of Thai politics.

Given the results to date and the tectonic setting, we considered the Thai properties highly prospective for porphyry and porphyry-related copper mineralisation, with a good chance for exploration success.

We consider the Company's nickel projects prospective, with both projects located in the respective right environments for the target mineralisation. At Symons Hill we see a methodical and patient approach to exploration, and the progressive use of more advanced geophysical technology. It does need to be noted that in these environments not all fertile intrusives will host economic mineralisation, and not all conductors will be associated with such.

Likewise at Killaloe – it does take the right combination of geology and kinematics to form an economic nickel deposit. Patience (and in a lot of cases luck) is required to successfully land the big one in nickel exploration. Luck did play a part at Nova-Bollinger – it has been written that should the discovery hole been sited 50m away the discovery would not have been made in that round of drilling.

We also consider Matsa's gold projects prospective, and generally underexplored.

One key advantage for Matsa is the holding in liquid assets (around \$5.4 million excluding Bulletin) and a receivable of \$1.65m likely due within thirty days – this should allow the Company to fund effective exploration, with activities not being compromised by having to work around a tight cash position. We note that the Company spent around \$4 million on direct exploration activities in FY2015, albeit with administration expenses



of close to \$2 million, which are high in comparison to similar ASX-listed companies. However this includes substantial costs in setting up the Thai operations following grant of the tenements.

Another strength is the Company's share structure – it has remained very tight since the back door listing into KBRL in 2008.

*We rate Matsa as a
SPECULATIVE BUY*

Given the above we rate Matsa as a SPECULATIVE BUY. Price movers will include positive exploration results.



Directors and Management

Executive Chairman **Paul Poli**

Mr Poli completed a bachelor degree at the University of Western Australia in 1984, and after gaining experience with Duesburys Chartered Accountants, he became a partner in a private practice in 1989. Paul is a fellow of the Australian Society of Certified Practising Accountants he also holds a diploma in Financial Services and was a registered Securities Trader.

Paul has considerable experience in general management/business, contract negotiations, taxation, corporate and business advisory.

After some 22 years' experience in advisory services, Paul founded Matsa Resources Pty Ltd which has developed and become Matsa Resource Ltd, a prosperous and well-funded exploration company with a pipeline of quality projects in Australia and Thailand.

Paul has been the Executive Chairman of the Matsa Resources Ltd since the transformation from KBRL in 2009 and was appointed Non-Executive Chairman of Bulletin Resources Ltd in 2014.

Non-Executive Director **Frank Sibbel**

Mr Sibbel is a Mining Engineer who has over 40 years of extensive operational and management experience in overseeing large and small scale mining projects from development through to successful production. He was formerly the Operations Director of Tanami Gold NL until his resignation on 30 June 2008, and has worked as the Principal in his own established mining consultancy firm where he has undertaken numerous projects for both large and small mining companies.

Frank has held the position of Non-Executive Director of Bulletin Resources Ltd since 2013.

Non-Executive Director & Company Secretary **Andrew Chapman**

Andrew Chapman is a chartered accountant with over 16 years' experience with publicly listed companies where he has held positions as Company Secretary and Chief Financial Officer and has experience in the areas of corporate acquisitions, divestments and capital raisings. He has worked for a number of public companies in the mineral resources, oil and gas and technology sectors. He is an associate member of the Institute of Chartered Accountants (ICAA) and a Fellow of the Financial Services Institute of Australasia (Finsia).

Managing Director - Thailand **Ratha Kheowkhamsaeng**

Mr. Kheowkhamsaeng has 20 years Thai management experience. He has held positions of Director of 5 Thai and Thai/Japanese companies mainly in the manufacturing and industrial sectors, and brings extensive Thai business knowledge and contacts within the Government sphere.

Group Exploration Manager **Dave Fielding**

Mr Fielding is a geologist with more than 37 years of experience in exploration and evaluation of mineral deposits. Most recently, he has held management positions with Cleveland Cliffs Iron Ore and FMG and has evaluated greenfields magnetite projects for Portman and Aztec Resources. He had also overseen geological and resource related aspects of Aztec's Koolan Island hematite deposits (now Mt Gibson Iron Ore) and had played an active role in discovery and evaluation of a number of ore deposits including the Century Zn deposit in Northwest Queensland.

Extracted from Company website – October 10, 2015



Analyst Verification

We, Grant Craighead and Mark Gordon, as the Research Analysts, hereby certify that the views expressed in this research accurately reflect our personal views about the subject securities or issuers and no part of analyst compensation is directly or indirectly related to the inclusion of specific recommendations or views in this research.

Disclosure

Breakaway Investment Group (AFSL 290093) may receive corporate advisory fees, consultancy fees and commissions on sale and purchase of the shares of Matsa Resources and may hold direct and indirect shares in the company. It has also received a commission on the preparation of this research note.

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