

MATSA RESOURCES LIMITED

ABN 48 106 732 487

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2023

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MATSA RESOURCES LIMITED

CORPORATE DIRECTORY

Directors

Paul Poli (Executive Chairman)
Andrew Chapman (Director)
Pascal Blampain (Director)

Company Secretary

Andrew Chapman

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ASX Code: MAT

MATSA RESOURCES LIMITED

DIRECTORS REPORT

Your directors submit their report for Matsa Resources Limited (“the Company”) and its controlled entities (the “Group”) for the half-year ended 31 December 2023.

DIRECTORS

The names of directors who held office during or since the end of the half-year to the date of this report are:

Mr Paul Poli
Mr Andrew Chapman
Mr Pascal Blampain

Directors were in office for this entire half-year unless otherwise stated.

OPERATING RESULTS

During the half-year the Group made a loss of \$3,123,727 (2022: profit of \$1,516,655).

REVIEW OF OPERATIONS

The Company is an ASX listed exploration and mining company based in Western Australia. The Corporate office is located in Perth with an office in Bangkok, Thailand. The Company holds a number of gold and base metals projects in Western Australia and lithium, copper and tin in Thailand (Figure 1). During the half-year, the Company’s principal activity was mineral exploration and identification of new exploration opportunities.

GROUP ACTIVITIES

The Group’s activities during the half-year were principally focused on the 449km² Lake Carey Gold Project located in Western Australia (Figure 2) where the Group remain committed to growing shareholder value by building a resource inventory base that will support the Lake Carey Gold Project development strategy.

The Group has also discovered a number of lithium projects in western Thailand where it now holds almost 1,700km² under applications accepted and registered by the Thailand authorities. The Group is progressing a select number of tenements to grant so that drilling operations can be conducted and in December 2023, 2 SPLs (Special Prospecting Licences) were granted at the Ratchaburi project.

A summary of key activities during the half-year includes the following:

- Key applications were submitted to the relevant regulatory authorities to recommence mining at the Devon Pit Gold Mine.
- 56 holes for 3,101m drilled at the Devon Pit Gold Mine in preparation and anticipation of commencement of open pit mining at Devon.
- Discovery of the Chok Dee and Purple Panther lithium projects in western Thailand.
- Two new SPLs granted at Ratchaburi, host to the Spotted Panther project where lepidolite and polyolithionite has been recorded.
- Discussions are well advanced with Thailand government departments to progress granting of other selected applications in Phang Nga and Kanchanaburi to enable drilling.

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Figure 1: Matsa's Australian and Thai Projects

LAKE CAREY

During the half-year 56 RC holes (Plate 1) for 3,101m were completed at the Devon Pit Gold Mine (Figure 2) with results for 50 holes received to date (refer ASX announcements of 19 December 2023 and 13 February 2024).

Ongoing work was conducted at Fortitude North, Red October and BE1 associated with the R&D seismic research projects. Drilling to test the interpreted seismic models at Fortitude North, BE1 and Red October is being planned. Actual drilling dates are yet to be confirmed and subject to contractor availability, funding, drying out of the flooded Lake Carey and drill site preparations.

Devon Pit Gold Mine

As the Group progresses the Devon Pit Gold Mine towards production, new high grade gold assays have been received including*:

Main Lode

- **3.0m @ 7.00g/t Au** from 24m (DVN002)
- **2.0m @ 7.24g/t Au** from 12m (DVN005)
- **2.0m @ 8.55g/t Au** from 48m (DVS003)

West Lode

- **2.0m @ 16.18g/t Au** from 18m (DVWL001)
- **4.0m @ 13.44g/t Au** from 55m (DVWL003)
- **1.0m @ 50.30g/t Au** from 47m (DVWL005)
- **5.0m @ 10.91g/t Au** from 47m (DVWL010)

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- **10.0m @ 5.56g/t Au** from 27m (DVWL012)
- **4.0m @ 32.07g/t Au** from 29m (DVWL016)
- **3.0m @ 4.03g/t Au** from 43m (DVWL017)
- **5.0m @ 5.27g/t Au** from 23m (DVWL019)
- **2.0m @ 28.63g/t Au** from 34m (DVWL023)
- **2.0m @ 14.16g/t Au** from 32m (DVWL032)
- **7.0m @ 8.12g/t Au** from 32m (DVWL026)
- **3.0m @ 38.00g/t Au** from 53m (DVWL027)

*** Note this list is not the complete list of results**



Plate 1: RC drilling rig in operation at the Devon Pit Gold Mine

The Devon Pit Gold Mine drill program comprised 56 reverse circulation holes for 3,101m (Figure 3) and was designed to target both the Main and West lodes within the current optimised pit shell. The drilling results show broad accord in terms of both lode geometry and grade distribution supporting recent modelling.

The mineralisation occurs as high grade plunging shoots within moderate grading shear structures. The resource at Devon remains open at depth and down plunge to the north (Figure 4). A full table of results can be found in Table 1.

The drilling was aimed at extending and infilling the existing 69koz Au resource established at the Devon Pit Gold Mine. Once the Group receives final assays, it is expected an updated model and optimisation for detailed mine design work will be undertaken. This new work will likely start in 2024, with planning for mining of the Devon Pit Gold Mine to be established once an ore treatment option has been established and funding confirmed which is expect to be sometime in 2024.

Permitting applications for development and mining at the Devon Pit Gold Mine (Figure 5) have already been lodged. DEMIRS indicates that permitting approvals appear on track for mid-2024, with mining related activities potentially commencing in the second half of 2024. The first step of mining at Devon will involve pit dewatering (Plate 2) which is expected to take approximately 6-8 weeks to prepare the existing pit for development.

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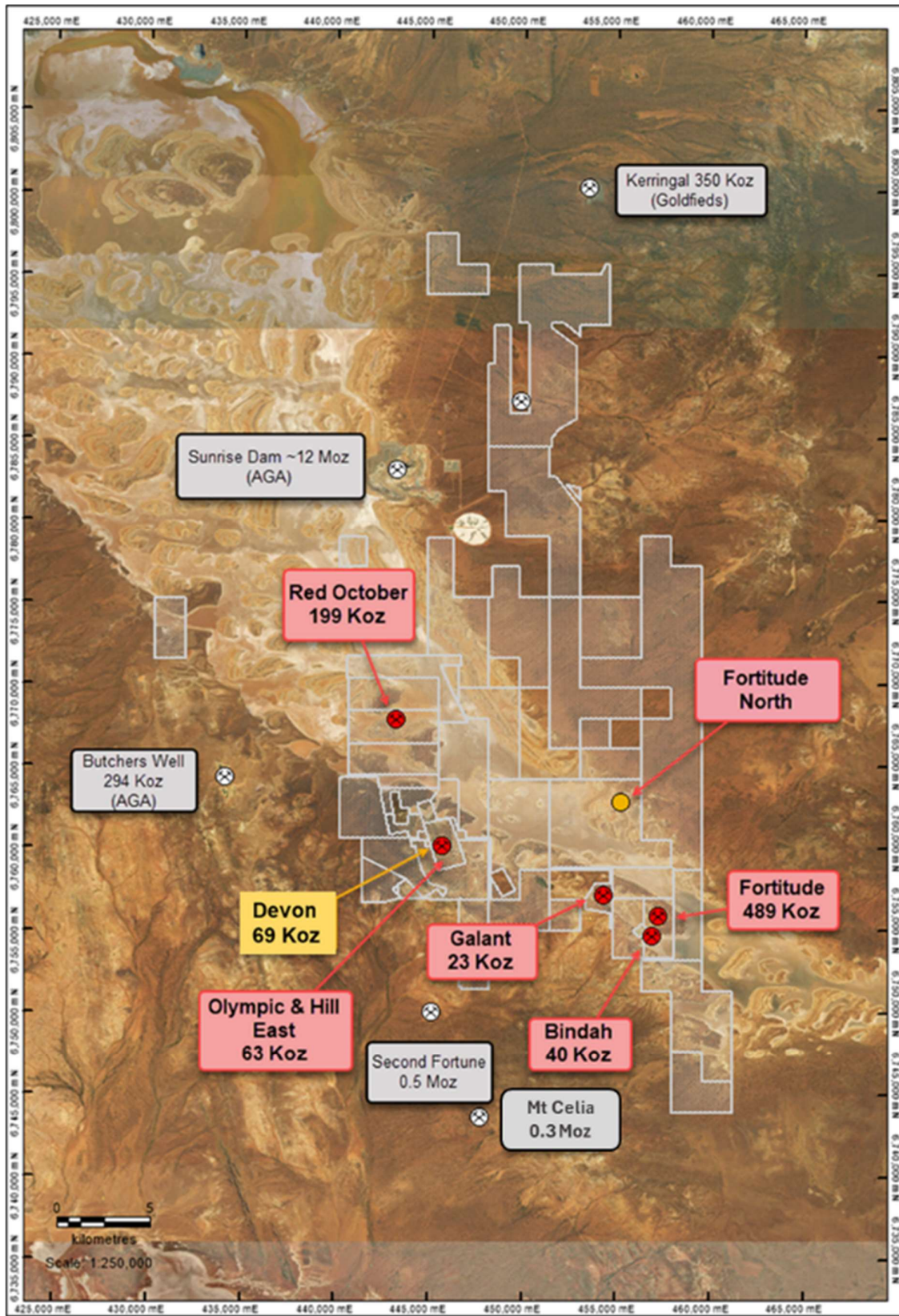


Figure 2: Lake Carey Gold Project showing location Devon Pit Gold Mine

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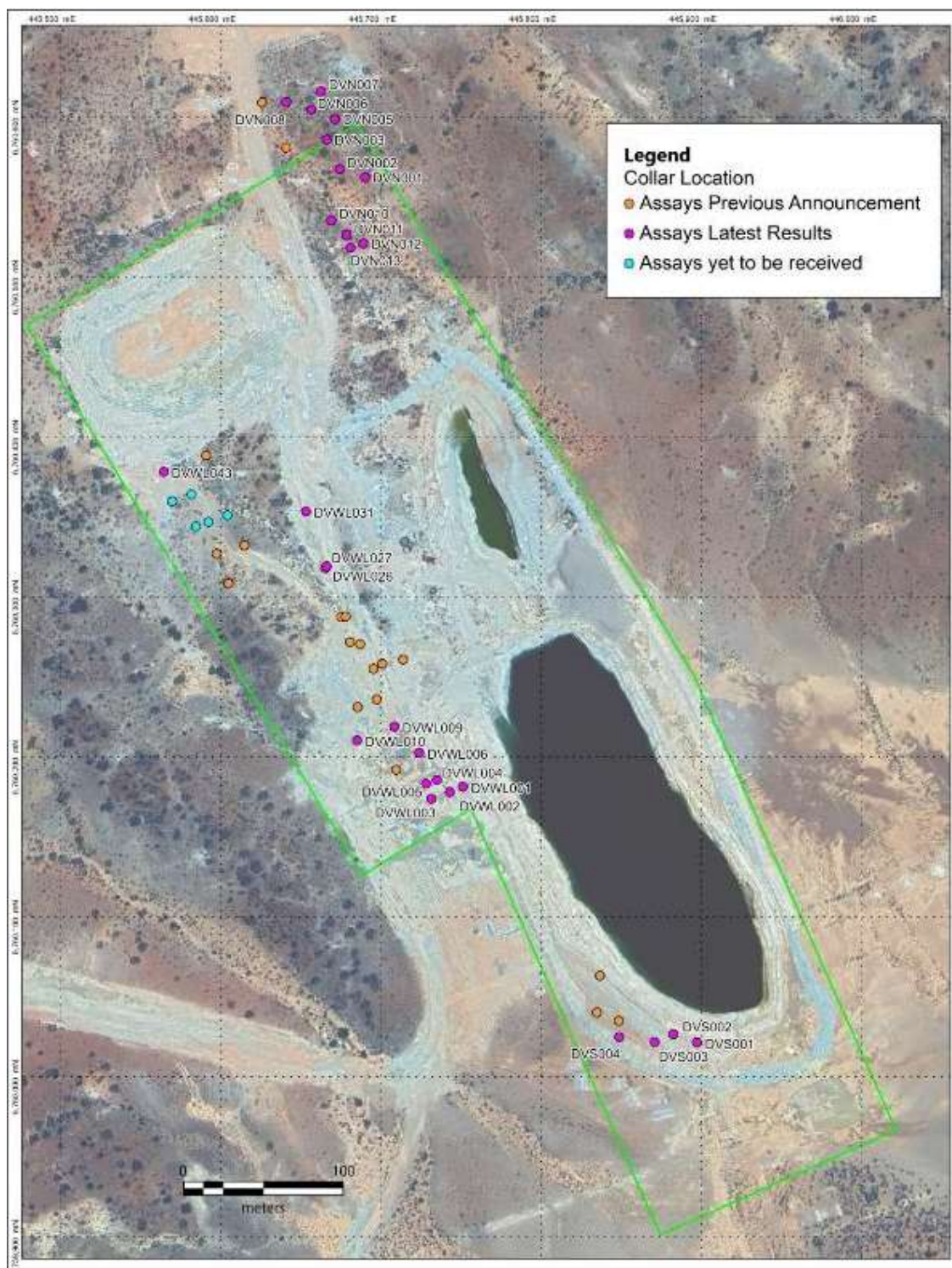


Figure 3: Plan of Devon Pit Gold Mine drilling and assay status

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Loade	Hole ID	Downhole thickness (m)	Grade	From	Hole depth	Azimuth	Dip	MGA_E	MGA_N	RL
Main Lode	DVN001	3	2.25	7	18	70	60	445690	6760562	409
	DVN002	3	7.00	24	36	70	60	445674	6760568	410
	DVN003	2	2.91	27	42	70	60	445666	6760586	411
	DVN004	NSI			24	70	60	445671	6760599	410
	DVN005	2	7.24	12	36	70	60	445671	6760599	411
	DVN006	3	1.96	25	48	70	60	445656	6760605	412
	DVN007	NSI			66	70	60	445662	6760616	411
	DVN008	NSI			30	70	60	445641	6760609	412
	DVN009	1	1.67	54	72	70	60	445625	6760609	413
	DVN010	NSI			66	70	60	445669	6760535	410
	DVN011	3	1.03	44	66	70	60	445678	6760526	409
	DVN012	NSI			72	70	60	445689	6760521	408
	DVN013	NSI			66	70	60	445681	6760518	409
	DVS001	NSI			78	70	60	445897	6760022	398
	DVS002	NSI			66	70	60	445882	6760027	398
	DVS003	2	8.55	48	73	70	60	445871	6760022	398
	DVS004	NSI			78	70	60	445849	6760025	399
	DVS008	4	11.79	68	72	70	60	445661	6760616	410
	DVS009	1	4.32	80	88	70	60	445883	6760027	398
	DVS010	2	6.72	69	84	70	60	445896	6760021	398
West Lode	DVWL001	2	16.18	18	24	70	60	445751	6760182	399
	DVWL002	1	6.51	44	54	70	60	445743	6760178	398
	DVWL003	4	13.44	55	90	70	60	445731	6760174	398
	DVWL004	NSI			42	70	60	445735	6760186	398
	DVWL005	1	50.3	47	60	70	60	445728	6760183	399
	DVWL006	5	2.59	5	30	70	60	445724	6760203	399
	and	5	2.11	20						
	DVWL007	1	13.09	48	96	70	60	445712	6760199	399
	and	3	6.4	86						
	DVWL009	NSI			42	70	60	445708	6760219	399
	DVWL010	5	10.91	47	90	70	60	445685	6760210	399
	DVWL011	NSI			18	70	60	445698	6760236	400
	DVWL012	10	5.56	27	48	70	60	445685	6760232	401
	and	1	1.48	47						
	DVWL015	NSI			18	247	60	445695	6760256	401
	DVWL016	4	32.07	29	42	247	60	445700	6760259	401
	DVWL017	3	4.03	43	72	252	60	445713	6760261	402
	and	1	1.22	57						
	DVWL018	NSI			18	262	60	445681	6760272	401
	DVWL019	5	5.27	23	42	270	57	445690	6760271	401
	DVWL020	NSI			72	275	70	445690	6760271	401
	DVWL021	9	17.18	15	30	265	60	445675	6760288	402
	DVWL023	2	28.63	34	60	265	65	445678	6760288	402
	DVWL026	7	8.12	32	48	227	58	445665	6760318	404
	DVWL027	8	14.69	53	78	225	70	445666	6760319	404
	incl	3	38.00	53						
	DVWL030	3	3.06	71	78	70	60	445610	6760311	406
	DVWL031	NSI			42	244	58	445653	6760353	407
	DVWL032	2	14.16	32	54	70	60	445611	6760332	406
	DVWL033	4	1.04	60	78	70	60	445598	6760328	406
	DVWL042	NSI			18	70	60	445590	6760389	407
	DVWL043	1	4.41	52	78	70	60	445564	6760378	407

Table 1: RC drilling and assay summary – all thicknesses are downhole intercepts

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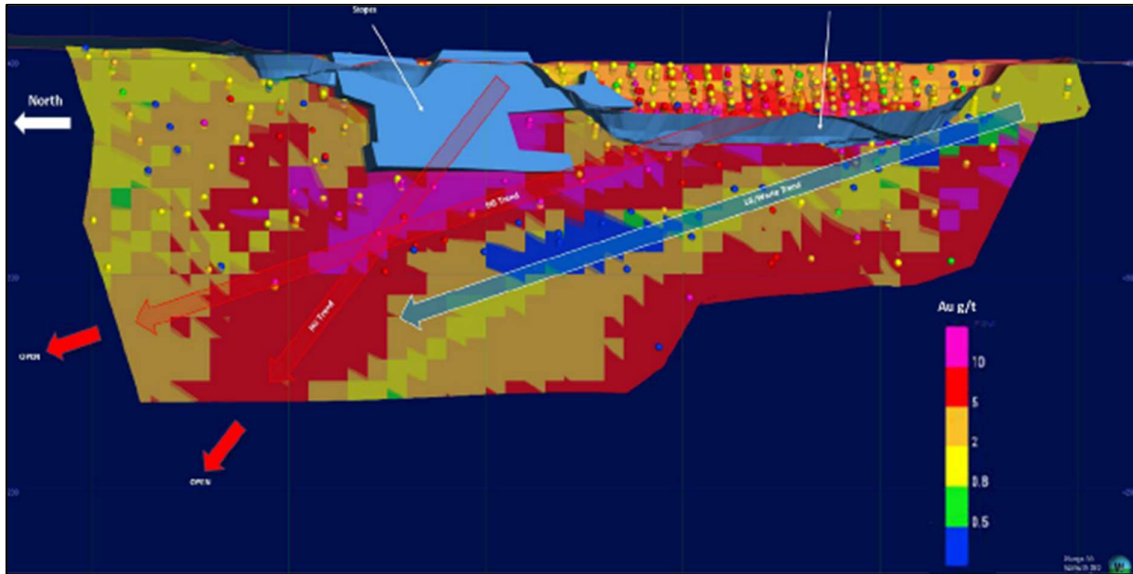


Figure 4: Devon Pit Resource (2023) showing high grade plunges to the north

Permitting Status

Submissions for Works approval and licencing, Clearing Permit, Mining Proposal, Mine Closure Plan and 5C (water) abstraction licence have been lodged. The Works approval and licence has been approved by DWER (Department of Water and Environment Regulation). A ground water operating strategy was submitted in January 2024 (post reporting period) at the request of DWER in support of the Works approval to dewater the pit in preparation for mining.

Significant progress has been made towards obtaining the regulatory approvals required to commence mining at Devon, with a summary outlined in Table 2 below:

Item	Purpose	Status	Comment
Tenements		Granted mining (and miscellaneous) leases	Valid to December 2034
Haulage	Allows ore haulage on public roads	Shire approvals obtained	Menzies and Leonora shires
Mining Proposal	Approval for construction of infrastructure and undertake mining activities	Lodged	Pending approval
Mine Closure Plan	Defines rehabilitation and closure prescriptions	Lodged	Pending approval
Clearing permit	Authorises clearing of native vegetation for project development	Lodged	Pending approval
Water abstraction licence	Enables extraction and use of water from project	Lodged	Pending approval of ground water operating strategy
Works approval	Permit to construct premises	Approved	July 2023
Operating licence	Licence to operate premises	In progress	To be submitted once dewatering commissioned
Mining Operations Notice	Allows mining of an operation	In progress	

Table 2: RC drilling and assay summary – all thicknesses are downhole intercepts

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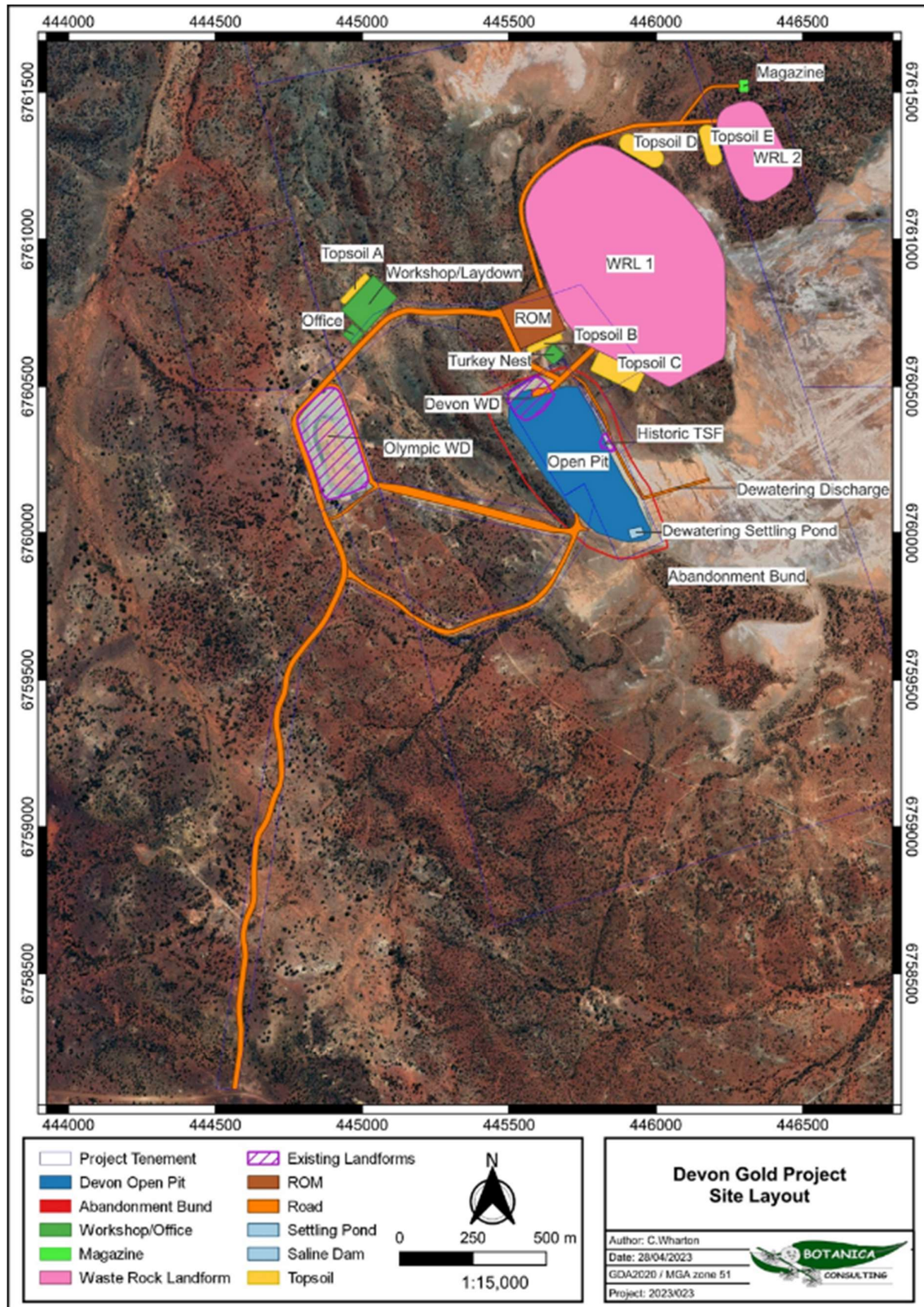
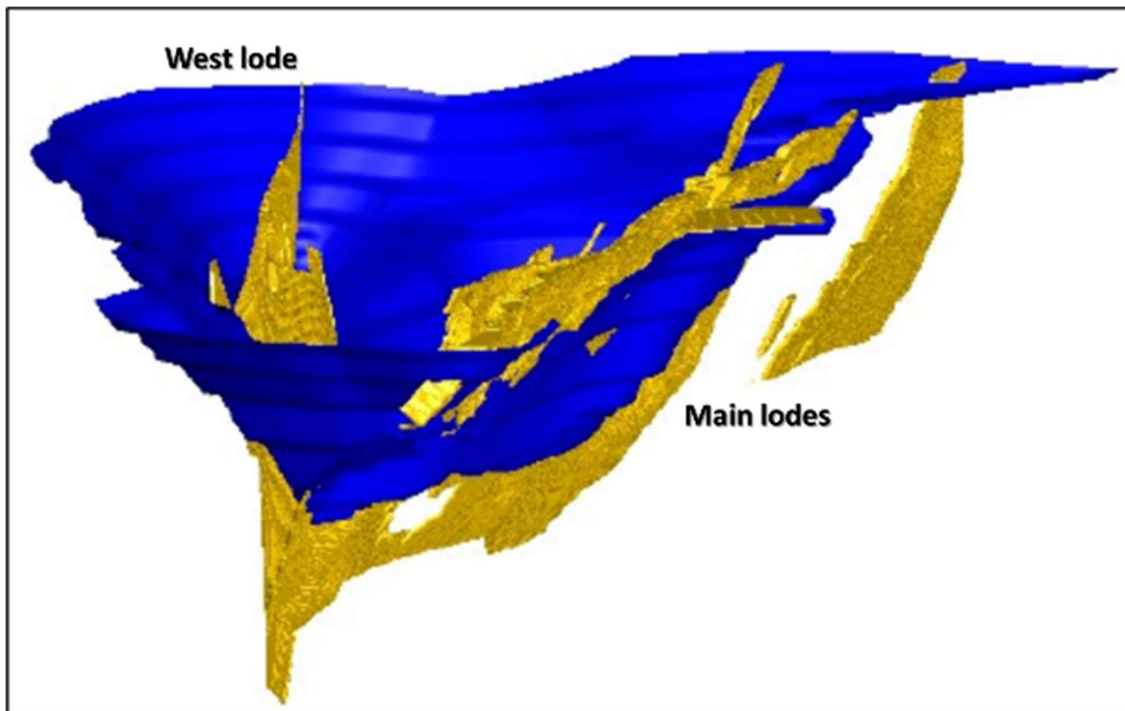


Figure 5: Devon Open Pit Gold Mine proposed layout (as submitted in the Mining Proposal)



Plate 2: Devon Pit lakes requiring dewatering for mine development (looking north towards Red October and Sunrise Dam gold mines)



2023 optimised pit shell (in blue) and resource wireframes (in gold) where studies to date demonstrate a potential mine that produces in excess of 250,000 tonnes at over 4g/t (refer ASX Announcement 17 May 2023)

SEISMIC R&D PROJECT

Reinterpretation of the 2019 R&D seismic survey coupled with the recent high resolution ground magnetic data has inferred a potential syncline setting (Figure 6) with steeply dipping fault structures. The recent drilling has also inferred shallow dipping and shallow plunging mineralised structures that lend some support to the interpreted seismic model. New drilling is planned to test this model.

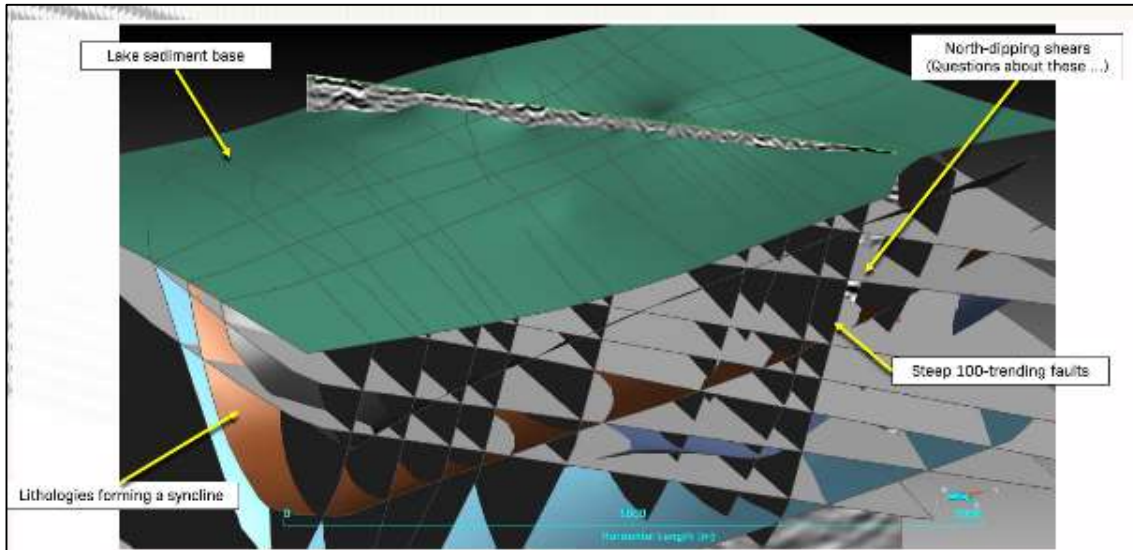


Figure 6: Fortitude North seismic model looking NW

At Red October, interpretation of R&D seismic surveys using DAS (distributed acoustic sensing using fibre optic cabling) has inferred eastern and western structures that represents drilling targets (Figure 7). Drilling has been designed to test the seismic model. Previous SAM work undertaken by Saracen in 2014 lends some support to these interpreted structures.

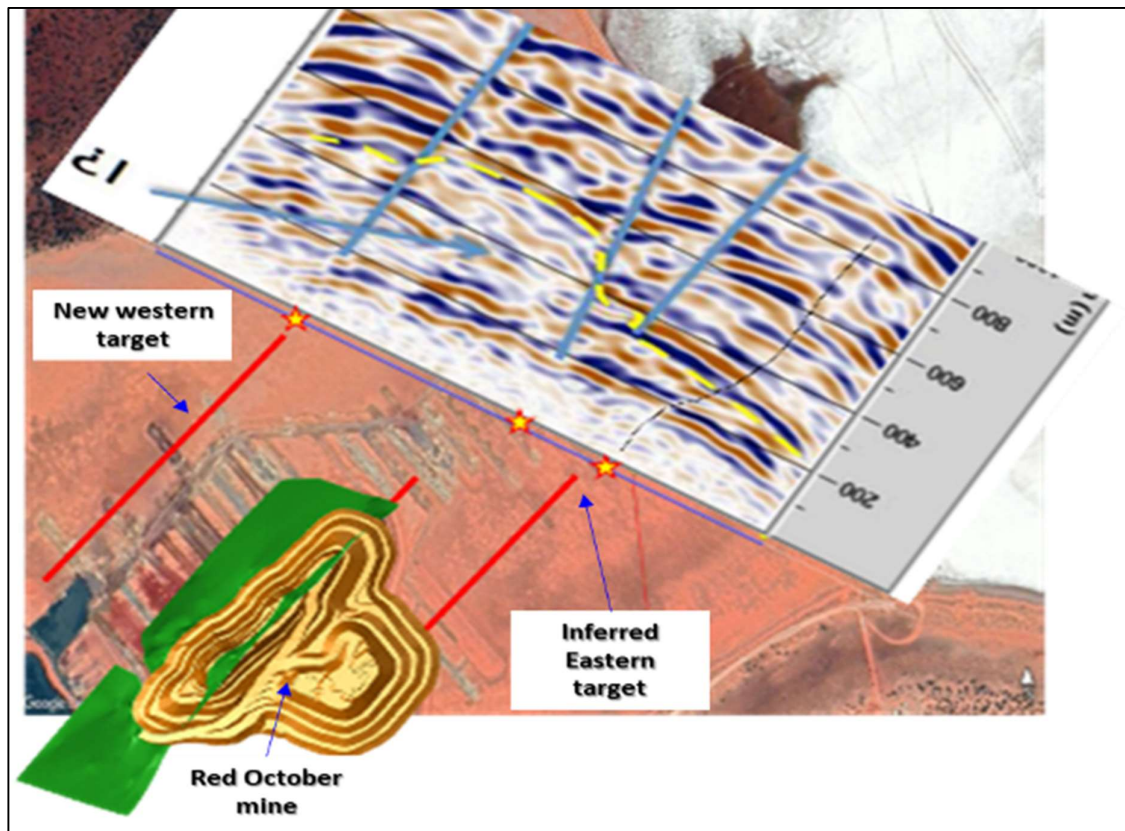


Figure 7: Red October R&D seismic project and interpreted exploration structural trends (red lines)

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THAILAND OPERATIONS

Discussions continued with the Department of Primary Industries and Mining (“DPIM”) with subsequent granting of two Special Prospecting Licenses (“SPL”) on 27 December 2023 at Ratchaburi (Figure 8), with the Company receiving formal notification of the grant on 12 January 2024.

Following discovery of outcropping lepidolite at Chok Dee in Kanchanaburi, the Group made further EPL applications for the project. The Group is now arguably one of the larger holders of tenure, prospective for lithium in south-east Asia with some 1,700km² under application and granted SPL, and with these new discoveries, has developed an impressive pipeline of lithium projects (Figure 9).



Figure 8: Ratchaburi granted SPL tenements in red – western Thailand

During the half-year, the Group made further lithium discoveries at Purple Panther (Ratchaburi, Plate 3). Whilst early stages, the footprint of both the Chok Dee and Purple Panther projects appears substantial, however the dry season is eagerly awaited to enable better field access to thoroughly examine the ground and evaluate the extent of mineralisation within the project areas.

These discoveries are significant, in that they open up additional lithium projects at Kanchanaburi and Ratchaburi. The Group’s recent metallurgical testwork demonstrated high recoveries (+85%) and lepidolite concentrate potential (+4% Li₂O) at Pink Panther and Spotted Panther projects.

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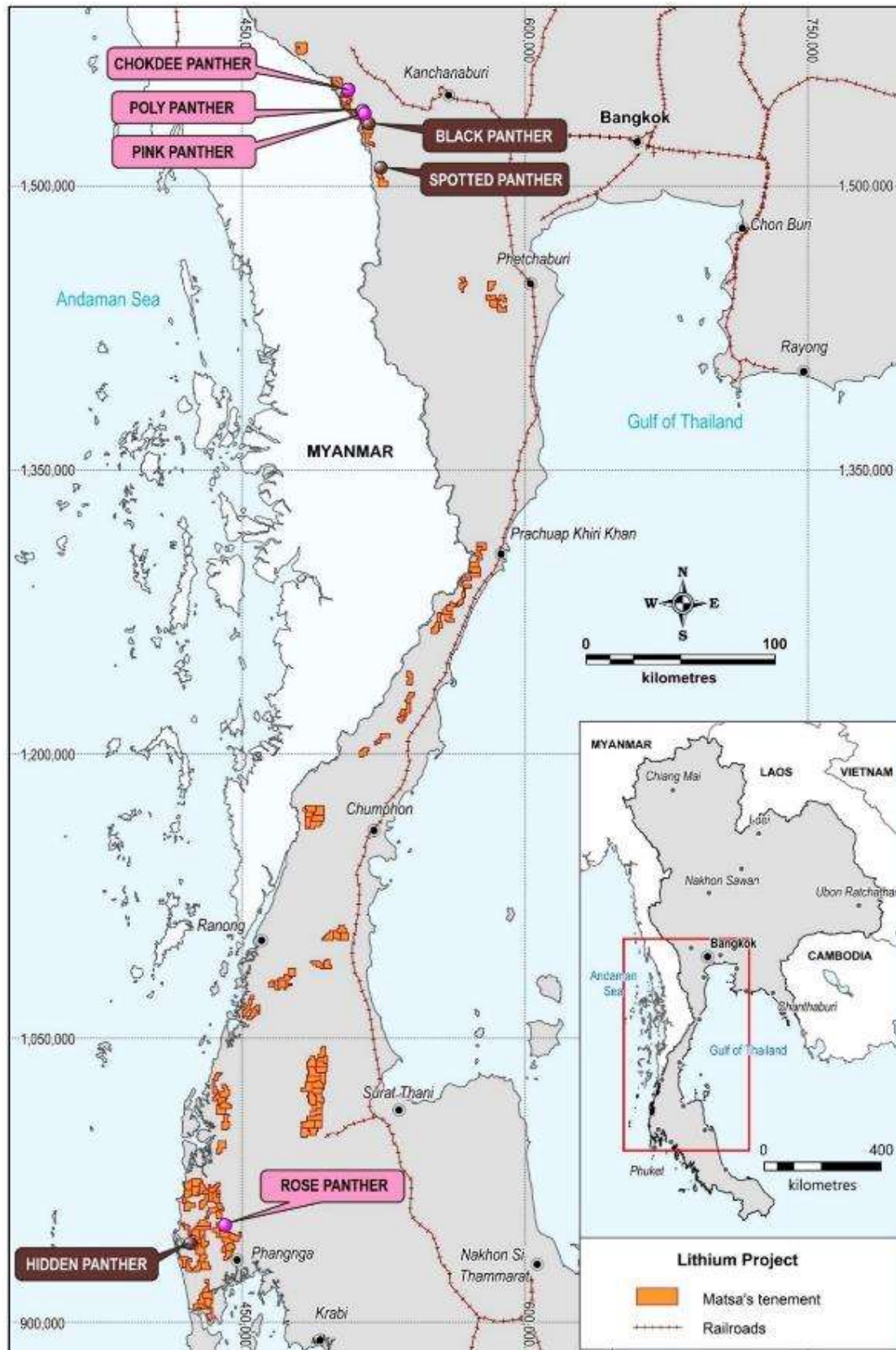


Figure 9: Matsa's Thailand lithium – tin projects (SPLA & EPLA)



Plate 3: Purple Panther, new pale white-pink lepidolite outcrop at Ratchaburi, 3.34% Li using LIBS

Recent Results

The Group's new lithium project (Chok Dee Panther) at Kanchanaburi, north of the Group's Pink Panther discovery, is characterised by widespread lepidolite bearing pegmatite swarms covering an area of some 2km by 3km. Field work during the dry season in the early part of 2024, is planned to explore the area for extensions to the mineralisation both along strike (NE-SW) and further to the southeast along the granite edges.

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Twenty-two samples were collected at Chok Dee Panther and analysed in the field using a handheld LIBS analyser (laser induced breakdown spectroscopy). The results for lithium using the LIBS analyser are highly encouraging and support visual interpretation of lepidolite mineralisation associated with the pegmatite field. The results of the LIBS analysis are shown below in Table 3.

The preliminary LIBS analysis of this new discovery is in line with results previously obtained at Rose Panther and Pink Panther where metallurgical testwork was able to produce commercial lithium oxide concentrates of 5.91% and 4.04% respectively with better than 90% lithium recoveries reported in the testwork.

SampleID	Sample_Type	Orig_Grid_ID	Orig_North	Orig_East	Orig_RL	Sample_Description	Li% (LIBS)	Li2O%
KANRK055	ROCK	WGS84_47	1543787	504268	291	*LP OUTCROP	2.33	5.01
KANRK056	ROCK	WGS84_47	1543801	504277	289	*LP OUTCROP	1.3	2.80
KANRK057	ROCK	WGS84_47	1543807	504286	288	*LP OUTCROP	1.92	4.13
KANRK058	ROCK	WGS84_47	1545445	502922	307	QTZ FELD+GRN PEG OUTCROP	1.19	2.56
KANRK059	ROCK	WGS84_47	1543982	504722	216	*LP OUTCROP	2.01	4.32
KANRK060	ROCK	WGS84_47	1543967	504722	220	*LP OUTCROP	2.83	6.08
KANRK061	ROCK	WGS84_47	1544289	504763	241	PEG APLITE OUTCROP	1.31	2.82
KANRK062	ROCK	WGS84_47	1544838	504036	207	PEG MICA QTZ FLOAT	3.28	7.05
KANRK063	ROCK	WGS84_47	1544695	504207	227	*150SE, LP VN OUTCROP	1.04	2.24
KANRK064	ROCK	WGS84_47	1544832	504264	208	*LP OUTCROP	2.54	5.46
KANRK065	ROCK	WGS84_47	1548854	504491	198	FLD PEG POLYLITHIONITE OUTCROP	0.52	1.12
KANRK070	ROCK	WGS84_47	1543675	503933	326	PEG IN GRN OUTCROP	1.01	2.17
KANRK071	ROCK	WGS84_47	1544161	503423	390	PEG OUTCROP	1.19	2.56
KANRK075	FLOAT ROCK	WGS84_47	1550242	504704	272	*LP FLOAT	2.99	6.43
KANRK068	FLOAT ROCK	WGS84_47	1548438	504912	184	ROSEQTZ??, PEG-GRN OUTCROP	1.38	2.97
KANRK069	ROCK	WGS84_47	1550310	504721	293	*LPVN OUTCROP	2.41	5.18
KANRK081	ROCK	WGS84_47	1550330	504713	301	*LPVN OUTCROP	1.64	3.53
KANRK074	FLOAT ROCK	WGS84_47	1544375	504503	260	*LP FLOAT	2.3	4.95
KANRK066	ROCK	WGS84_47	1544461	504443	271	PEG OUTCROP	1.6	3.44
KANRK067	ROCK	WGS84_47	1544202	504185	230	PEG OUTCROP	1.09	2.34

Table 3: Chok Dee rock sample LIBS analyser results for lithium content

PLANNED WORK PROGRAM SECOND HALF-YEAR OF FY2024

A summary of key activities planned for second half-year of FY2024 includes the following:

LAKE CAREY

- Finalise remaining Devon Pit Gold Project assays.
- Update MRE (Mineral Resource Estimate) for new drilling at Devon.
- Review requirement for updated pit optimisation and mining studies.
- Completion of remaining studies and approvals required for the feasibility study.
- Calculation and reporting of reserves.
- Final approvals submissions to regulatory authorities to obtain mining permits.
- Negotiate and finalise mining and milling agreements to extract and process ore from Devon Pit Gold Mine.
- Review and assess the results of the RC drilling completed at Devon Pit.
- Ongoing permitting for the Devon Pit mining project.
- Commence (subject to approvals) Devon Pit dewatering in preparation for mining.
- Drill designs, POW submission and drill preparation at Fortitude North to test the latest Fortitude North R&D seismic model.
- Drill designs and preparations for potential underground exploration drilling at Red October in support of the R&D seismic research program.

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- Continued discussions with AngloGold regarding a potential cooperative approach to the Lake Carey Gold Project.

THAILAND

- Continue to progress applications for grant of Special Prospecting Licences (SPL) and Exploration Prospecting Licences (EPL) that will enable the Group to conduct drilling operations at Phang Nga, Ratchaburi and Kanchanaburi.
- Follow up activities associated with results of the ground geophysical surveys including collecting additional magnetic susceptibility data from regional rock outcrops, field inspection of potential outcrop associated with modelled geophysical responses and site planning for drilling operations at Phang Nga and Kanchanaburi.
- Preparation of drilling programs to define lateral extent of mapped lithium pegmatites at Pink Panther, Chok Dee Panther, Spotted Panther and Rose Panther projects once the SPLs/EPLs have been granted.
- The Group has now discovered 7 separate lithium bearing pegmatite projects that require initial exploration drilling to determine the extent of mineralisation at these prospects.
- Consider collection of additional bulk metallurgical test work samples to establish commercial application of lepidolite processing and recovery specifications to supplement the work already completed at Pink, Spotted and Rose Panther projects.
- Continuation of scouting for new lithium prospective areas and interpretation of historical and exploration data throughout Thailand.

CORPORATE

During the half-year the Company conducted a \$2M capital raising before costs, which was oversubscribed (the "Placement"). The Placement was comprised of an immediate \$1.91M to institutional and sophisticated investors and \$ 0.09M from the Company's directors following receipt of shareholder approval at the Annual General Meeting held 20 November 2023.

The funds raised from the Placement will be used for:

- Holding and transaction costs associated with the Lake Carey Gold Project during discussions with AGAA.
- Finalisation of the grant process of several lithium prospective SPLs including five new lithium discoveries at Rose Panther, Spotted Panther, Poly Panther, Pink Panther and Black Panther.
- Maiden drilling program of the highly prospective SPL's to assess the lithium bearing pegmatites identified, mapped and sampled.
- General working capital requirements.

The \$2M has been raised (before costs) via the issue of 66,666,667 fully paid ordinary shares at \$0.03 per share. In addition to the shares being issued under the Placement, each participant received 1 free attaching unlisted option for every 2 shares taken up in the Placement with an exercise price of \$0.07 each expiring two (2) years from the date of issue.

Devon Pit Joint Venture

On 8 December 2023 the Company announced it had executed an agreement with Linden Gold Alliance Limited ("Linden") and Linden's wholly-owned subsidiary Devon Gold Project Pty Ltd ("Devon") to terminate the Mine Management and Profit Sharing Joint Venture Agreement for the Devon Gold Mine Joint Venture (the "Agreement"). The key terms of the Agreement can be found in the ASX announcement of that date. The Company is now progressing the Devon Pit Gold Project in its own right and has had discussions with several parties about advancing the project towards a production scenario.

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The termination of the JVA followed a number of various disputes between the parties and the Company's view that Linden did not meet several of the required milestones under the Agreement.

During the half-year the Company entered in to a \$500,000 loan facility with an existing lender (the "Loan"). The Loan is due for repayment by 30 June 2024.

All other terms and conditions are standard for a transaction of this nature and are similar to the terms and conditions of the existing loan.

GOING CONCERN

The condensed consolidated statement of profit and loss and other comprehensive income shows that the Group incurred a net loss of \$3,123,727 for the half-year ended 31 December 2023 (2022: profit of \$1,516,655).

The condensed consolidated statement of financial position shows that the Group had cash and cash equivalents of \$746,901 (30 June 2023: \$794,303), a net asset position of \$12,471,082 (30 June 2023: \$13,720,165) and a net working capital deficit of \$2,443,752 as at 31 December 2023 (30 June 2023: \$2,672,420). Net cash outflows from operating activities as shown in the condensed consolidated statement of cashflows were \$1,918,908 for the half-year ended 31 December 2023 (2022: cash inflow of \$2,021,679).

The condensed consolidated financial statements have been prepared on a going concern basis. In arriving at this position, the directors have had regard to the fact that based on the matters noted below the Group has, or in the directors opinion, will have access to, sufficient cash to fund administrative and other committed expenditure for a period of at least 12 months from the date of signing this condensed interim financial report.

In forming this view the directors have taken into consideration the following:

- The ability of the Group to obtain additional funding as it has demonstrated previously via the capital raisings in line with the Group's cashflow forecast;
- The ability of the Group to manage discretionary expenditure and settlement of trade and other payables in line with the Group's cashflow forecast;
- The Company expects to submit a claim for the Australian Tax Office's Research & Development tax Incentive Scheme (the "Scheme") in respect of the 2024 tax year and an amended claim for the 2022 tax year. The Company is satisfied that it meets the criteria to qualify for a cash refund and it is confident that the expenditure to be claimed under the Scheme will satisfy the tests of eligibility. Whilst the final figure may be subject to change, the Company expects to receive a cash refund within the range of the amount received on the 14 February 2024 relating to the 2023 tax year of \$927,139. The Company has entered into an agreement with Radium Capital to advance the Company short term borrowings secured against the expected cash refund under the Scheme for the 2024 tax year. To date \$342,152 has been received from Radium Capital in respect of the 2024 tax year with additional advances expected in April 2024 and July 2024; and
- \$1,000,000 of the Company's current borrowings is not due for repayment until 30 June 2024 and a discussion with the lending parties for an extension to the repayment date in line with revenue generated from the Devon Pit Gold Mine is currently underway.

Should the Group not achieve the matters set out above there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the condensed consolidated interim financial statements. The condensed consolidated interim financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern and meet its debts as and when they fall due.

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DIRECTORS REPORT

SUBSEQUENT EVENTS

On 15 January 2024, the Company announced it had been granted its first two SPLs by the Thailand government in the Ratchaburi province where Matsa has discovered the Spotted Panther prospect.

On 13 February 2024, the Company announced it has received further high grade assay results from the Devon Pit Gold Project and that it had now received results from 47 holes of a 53 hole program.

On 14 February 2024, the Company received an R&D refund amounting to \$927,139 pertaining to the 2022-2023 financial year.

On 28 February 2024, the Company received \$342,152 as R&D loan funding in relation to eligible R&D expenditure incurred pertaining to the 2023-24 financial year with additional R&D loan funding expected over the next two quarters.

On 4 March 2024 the Company announced that it had executed a binding Heads of Agreement with BML Ventures Pty Ltd ("BML") for the mining of the Devon Pit Gold Mine with mining anticipated to commence in the second half of 2024 and be completed by late 2025. Profits from the mining of Devon will be split on a 50/50 basis between the Company and BML.

Other than the above, no matter or circumstance that hasn't already been discussed above has arisen subsequent to the reporting date, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

SIGNIFICANT CHANGES IN STATE AFFAIRS

Other than disclosed elsewhere in the condensed consolidated financial report, there have been no significant changes in the state of affairs that occurred during the half-year.

DIVIDENDS

No dividends were paid or declared for payment during the half-year.

RISK MANAGEMENT

There have been no material changes to the descriptions of the Group's risk management framework as outlined in the annual financial report as at 30 June 2023.

ROUNDING AMOUNT

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the condensed interim financial report have been rounded to the nearest dollar.

AUDITOR'S DECLARATION

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 19 and forms part of the directors' report for the half-year ended 31 December 2023. This report is signed in accordance with a resolution of the Board of Directors.



Paul Poli
Executive Chairman

Dated this 14th day of March 2024

To the Board of Directors of Matsa Resources Limited

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

As lead auditor for the review of the financial statements of Matsa Resources Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

NPAS

Nexia Perth Audit Services Pty Ltd

Michael Fay

Michael Fay
Director

Perth
14 March 2024

Advisory. Tax. Audit.

ACN 145 447 105

Nexia Perth Audit Services Pty Ltd (ABN 27 145 447 105) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.

MATSA RESOURCES LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

For the half-year ended 31 December 2023

	Note	31 Dec 23 \$	31 Dec 22* \$
Continuing operations			
Net gain/(loss) on sale of fixed assets		1,928	(40,234)
Other income	4	73,713	4,335,202
Depreciation expense		(154,747)	(271,148)
Salaries and employment benefits expenses		(671,075)	(714,809)
Other administration expenses		(809,865)	(629,676)
Care and maintenance		(948,480)	(365,101)
Share based payments expense	12	-	(48,509)
Exploration expenditure written-off	7	(312,321)	(264,537)
(Loss)/Profit from operating activities		(2,820,847)	2,001,188
Finance income		690	326
Finance costs		(303,570)	(484,859)
Net finance cost		(302,880)	(484,533)
(Loss)/profit before income tax expense		(3,123,727)	1,516,655
Income tax expense		-	-
(Loss)/profit for the half-year		(3,123,727)	1,516,655

The notes on pages 25 to 33 are an integral part of these condensed consolidated financial statements.

*Comparative information has been re-presented due to a component of the Group ceasing to be classified as asset held for sale, therefore the result of the operations of the component previously classified as discontinued operations has been reclassified and included in continuing operations. See note 5.

MATSA RESOURCES LIMITED

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the half-year ended 31 December 2023

	Note	31 Dec 23 \$	31 Dec 22* \$
(Loss)/profit for the half-year		(3,123,727)	1,516,655
Other comprehensive income		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Other comprehensive income for the half-year, net of income tax		-	-
Total comprehensive (loss)/profit for the half-year attributable to equity holders of the company		<u>(3,123,727)</u>	<u>1,516,655</u>
(Loss)/profit for the half-year is attributable to:			
Owners of the parent		(3,123,727)	1,516,332
Non-controlling interest		-	323
		<u>(3,123,727)</u>	<u>1,516,655</u>
Total comprehensive (loss)/profit for the half-year is attributable to:			
Owners of the parent		(3,123,727)	1,516,332
Non-controlling interest		-	323
		<u>(3,123,727)</u>	<u>1,516,655</u>
Earnings per share:			
Basic ((loss)/earnings) per share attributable to ordinary equity holders of the parent (cents per share)		(0.69)	0.38
Earnings per share:			
Diluted ((loss)/earnings) per share attributable to ordinary equity holders of the parent (cents per share)		(0.69)	0.38

The notes on pages 25 to 33 are an integral part of these condensed consolidated financial statements.

*Comparative information has been re-presented due to a component of the Group ceasing to be classified as asset held for sale, therefore the result of the operations of the component previously classified as discontinued operations has been reclassified and included in continuing operations. See note 5.

MATSA RESOURCES LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Note	31 Dec 23 \$	30 June 23 \$
Current Assets			
Cash and cash equivalents		746,901	794,303
Trade and other receivables		187,915	237,340
Other assets		102,848	146,596
Assets classified as held for sale	5	-	6,565,347
Total Current Assets		<u>1,037,664</u>	<u>7,743,586</u>
Non-Current Assets			
Other assets		367,363	367,363
Other receivables		200,000	200,000
Exploration and evaluation assets	7	20,828,879	14,532,559
Property, plant and equipment	6	303,130	296,760
Right-of-use assets		60,830	94,651
Total Non-Current Assets		<u>21,760,202</u>	<u>15,491,333</u>
Total Assets		<u>22,797,866</u>	<u>23,234,919</u>
Current Liabilities			
Trade and other payables	8	1,945,843	1,478,057
Borrowings	9	1,036,289	590,783
Lease liabilities		65,078	64,864
Provisions	10	434,206	286,630
Liabilities associated with assets held for sale	5	-	2,650,832
Total Current Liabilities		<u>3,481,416</u>	<u>5,071,166</u>
Non-Current Liabilities			
Borrowings	9	3,992,621	3,992,621
Lease liabilities		-	33,679
Provisions	10	2,852,747	417,288
Total Non-Current Liabilities		<u>6,845,368</u>	<u>4,443,588</u>
Total Liabilities		<u>10,326,784</u>	<u>9,514,754</u>
Net Assets		<u>12,471,082</u>	<u>13,720,165</u>
Equity			
Issued capital	11	67,408,157	65,596,745
Reserves		10,381,132	10,317,900
Accumulated losses		(65,396,895)	(62,273,168)
Total equity attributable to equity holders of the Company		<u>12,392,394</u>	<u>13,641,477</u>
Non-controlling Interests		<u>78,688</u>	<u>78,688</u>
Total Equity		<u>12,471,082</u>	<u>13,720,165</u>

The notes on pages 25 to 33 are an integral part of these condensed consolidated financial statements.

MATSA RESOURCES LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2023

	Issued Capital Ordinary \$	Accumulated Losses \$	Equity Settled Benefits Reserve \$	Total \$	Non- controlling interest \$	Total \$
Balance at 1 July 2022	63,892,578	(61,454,137)	10,028,515	12,466,956	78,304	12,545,260
Comprehensive income for the half-year	-	1,516,332	-	1,516,332	323	1,516,655
Total comprehensive income for the half-year	-	1,516,332	-	1,516,332	323	1,516,655
<i>Transactions with owners in their capacity as owners</i>						
Issue of share capital in the half-year	2,015,750	-	-	2,015,750	-	2,015,750
Share issue costs in the half-year	(312,051)	-	-	(312,051)	-	(312,051)
Share based payment in the half-year	-	-	233,834	233,834	-	233,834
Balance at 31 December 2022	65,596,277	(59,937,805)	10,262,349	15,920,821	78,627	15,999,448
Balance at 1 July 2023	65,596,745	(62,273,168)	10,317,900	13,641,477	78,688	13,720,165
Comprehensive income for the half-year	-	(3,123,727)	-	(3,123,727)	-	(3,123,727)
Total comprehensive income for the half-year	-	(3,123,727)	-	(3,123,727)	-	(3,123,727)
<i>Transactions with owners in their capacity as owners</i>						
Issue of share capital in the half-year	2,000,000	-	-	2,000,000	-	2,000,000
Share issue costs in the half-year	(188,588)	-	-	(188,588)	-	(188,588)
Share based payment in the half-year	-	-	63,232	63,232	-	63,232
Balance at 31 December 2023	67,408,157	(65,396,895)	10,381,132	12,392,394	78,688	12,471,082

The notes on pages 25 to 33 are an integral part of these condensed consolidated financial statements.

MATSA RESOURCES LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2023

	31 Dec 23 \$	31 Dec 22 \$
Cash flows from operating activities		
Receipts from customers	-	-
Other income	111,064	4,252,130
Payments to suppliers and employees	(2,030,662)	(2,230,777)
Interest received	690	326
Net cash (used in)/provided by operating activities	(1,918,908)	2,021,679
Cash flows from investing activities		
Payments for financial assets	-	(80,000)
Proceeds from sale of plant and equipment	1,928	81,000
Purchase of plant and equipment	-	(47,062)
Exploration and evaluation expenditure	(170,590)	(827,196)
Refund of security deposits	-	320
Net cash used in investing activities	(168,662)	(872,938)
Cash flows from financing activities		
Proceeds from issue of shares	2,000,000	1,976,000
Proceeds from issue of options	-	1,500
Costs of issue	(125,356)	(128,226)
Repayment of other borrowings and lease liabilities	(283,465)	(134,044)
Proceeds from borrowings	750,000	-
Interest paid	(301,011)	(262,096)
Net cash provided by financing activities	2,040,168	1,453,134
Net (decrease)/increase in cash and cash equivalents	(47,402)	2,601,875
Cash and cash equivalents at beginning of the half-year	794,303	1,572,483
Cash and cash equivalents at end of the half-year	746,901	4,174,358

The notes on pages 25 to 33 are an integral part of these condensed consolidated financial statements.

MATSA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the half-year ended 31 December 2023

1. CORPORATE INFORMATION

The half-year condensed consolidated financial report (the “condensed interim financial report”) of Matsa Resources Limited (the “Company”) and its controlled entities (the “Group”) for the half-year ended 31 December 2023 was authorised for issue in accordance with a resolution of the directors on 14 March 2024.

Matsa Resources Limited is a for profit company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

The address of the registered office is Suite 11, 139 Newcastle Street Perth WA 6000.

2. SUMMARY OF ACCOUNTING POLICIES

(a) Basis of preparation of the Condensed Interim Financial Report

The condensed interim financial report is prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting* (“AASB 134”), applicable accounting standards and other mandatory professional reporting requirements compliance with AASB 134 ensures compliance with IAS 134 *Interim Financial Reporting*.

The condensed interim 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 Group as the consolidated annual financial report.

It is recommended that the condensed interim financial report be read in conjunction with the consolidated annual financial report of Matsa Resources Limited for the year ended 30 June 2023 and considered together with any public announcements made by Matsa Resources Limited during the half-year ended 31 December 2023 in accordance with the continuous disclosure obligations of the ASX listing rules.

Accounting Policies

Accounting Policies and methods of computation adopted in the preparation of the condensed interim financial report are consistent with those adopted and disclosed in the Group’s consolidated annual financial report for the financial year ended 30 June 2023.

(b) New and amended standards adopted by the Group

Since 1 July 2023 the Group has adopted all the Standards and Interpretations mandatory for annual reporting periods beginning on or after 1 July 2023. The adoption of any new and revised standards and interpretations effective from 1 July 2023 has not resulted in any changes to the Group’s accounting policies and has had no material effect on the amounts reported to the current or prior period.

(c) Other amendments and interpretations relevant to the Group in a future period

A number of new and amended Accounting Standards and Interpretations have been issued that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group is currently in the process of assessing the new and amended pronouncements.

(d) Significant Accounting Judgements and Key Estimates

The preparation of the condensed interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2023

2. SUMMARY OF ACCOUNTING POLICIES (continued)

In preparing the condensed interim financial report, the significant judgements and key estimates made by management were the same as those that applied to the annual financial report for the year ended 30 June 2023.

(e) Rounding amount

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the condensed interim financial report have been rounded to the nearest dollar.

(f) Going Concern

The condensed consolidated statement of profit and loss and other comprehensive income shows that the Group incurred a net loss of \$3,123,727 for the half-year ended 31 December 2023 (2022: profit of \$1,516,655).

The condensed consolidated statement of financial position shows that the Group had cash and cash equivalents of \$746,901 (30 June 2023: \$794,303), a net asset position of \$12,471,082 (30 June 2023: \$13,720,165) and a net working capital deficit of \$2,443,752 as at 31 December 2023 (30 June 2023: \$2,672,420). Net cash outflows from operating activities as shown in the condensed consolidated statement of cashflows were \$1,918,908 for the half-year ended 31 December 2023 (2022: cash inflow of \$2,021,679).

The condensed consolidated interim financial statements have been prepared on a going concern basis. In arriving at this position, the directors have had regard to the fact that based on the matters noted below the Group has, or in the directors' opinion, will have access to, sufficient cash to fund administrative and other committed expenditure for a period of at least 12 months from the date of signing this condensed interim financial report.

In forming this view the directors have taken into consideration the following:

- The ability of the Group to obtain additional funding as it has demonstrated previously via the capital raisings in line with the Group's cashflow forecast;
- The ability of the Group to manage discretionary expenditure and settlement of trade and other payables in line with the Group's cashflow forecast;
- The Company expects to submit a claim for the Australian Tax Office's Research & Development tax Incentive Scheme (the "Scheme") in respect of the 2024 tax year and an amended claim for the 2022 tax year. The Company is satisfied that it meets the criteria to qualify for a cash refund and it is confident that the expenditure to be claimed under the Scheme will satisfy the tests of eligibility. Whilst the final figure may be subject to change, the Company expects to receive a cash refund within the range of the amount received on the 14 February 2024 relating to the 2023 tax year of \$927,139. The Company has entered into an agreement with Radium Capital to advance the Company short term borrowings secured against the expected cash refund under the Scheme for the 2024 tax year. To date \$342,152 has been received from Radium Capital in respect of the 2024 tax year with additional advances expected in April 2024 and July 2024; and
- \$1,000,000 of the Company's current borrowings is not due for repayment until 30 June 2024 and a discussion with the lending parties for an extension to the repayment date in line with revenue generated from the Devon Pit Gold Mine is currently underway.

Should the Group not achieve the matters set out above there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the condensed consolidated financial statements. The condensed consolidated financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern and meet its debts as and when they fall due.

MATSA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2023

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 small scale mining and mineral exploration in Western Australia and Thailand. The Group considers that it operates in two geographical segments but within the same operating segment. The decision to allocate resources to individual projects is predominantly based on available cash reserves, technical data and the expectation of future metal prices.

The financial information presented in the statement of profit and loss and the statement of other comprehensive income and statement of financial position is the same as that presented to the chief operating decision maker. For financial reporting purposes, the Australian and the Thai segments are presented separately.

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.

Half-year ended 31 December 2023	Reportable Segments		Total \$
	Australia \$	Thailand \$	
Other income	72,237	1,476	73,713
Net gain on sale of fixed assets	-	1,928	1,928
Segment revenue	72,237	3,404	75,641
Segment loss before tax	(2,794,048)	(329,679)	(3,123,727)
Half-year ended 31 December 2022*			
Other income	4,335,202	-	4,335,202
Segment revenue	4,335,202	-	4,335,202
Segment profit/(loss) before tax	1,774,927	(258,272)	1,516,655
Segment assets			
At 31 December 2023	22,222,884	574,982	22,797,866
Segment assets			
At 30 June 2023	22,676,798	558,121	23,234,919
Segment liabilities			
At 31 December 2023	10,283,413	43,371	10,326,784
Segment liabilities			
At 30 June 2023	9,514,633	121	9,514,754

*Comparative information has been re-presented due to a component of an entity ceasing to be classified as asset held for sale, therefore the result of the operations of the component previously classified as discontinued operations has been reclassified and included in continuing operations. See note 5.

MATSA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the half-year ended 31 December 2023

4. OTHER INCOME

	31 Dec 23 \$	31 Dec 22* \$
Foreign currency exchange gain	1,443	-
Joint venture payment (i)	-	4,000,000
Other income	72,270	335,202
	<u>73,713</u>	<u>4,335,202</u>

*Comparative information has been re-presented due to a component of the Group ceasing to be classified as asset held for sale, therefore the result of the operations of the component previously classified as discontinued operations has been reclassified and included in continuing operations. See note 5.

- (i) On 11 November 2022, the Company executed a formal binding profit-sharing joint venture agreement (JVA) with Linden Gold Alliance Limited (LGA), in respect of a joint venture over the Devon Gold Pit. During the previous half-year, the Company received an upfront non-refundable prepayment of \$4M cash from LGA for a 50% profit share in the Devon Pit.

5. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

During the half-year, the Company realigned its focus with regards to the Red October Gold Project. As a result of this realignment, the Company has begun a mining review of the Red October Gold Project as well as evaluating further exploration opportunities. Consequently, as at 31 December 2023, the Red October Gold Project is no longer considered as an asset held for sale.

In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, the carrying value assets and liabilities previously classified as assets held for sale and liabilities associated with assets held for sale in the consolidated statement of financial position as at 30 June 2023 has been reclassified to Capitalised exploration expenditure, Plant and equipment and Rehabilitation provision as at 31 December 2023.

Assets held for sale:

	31 Dec 2023 \$	30 Jun 2023 \$
Assets held for sale - Capitalised exploration expenditure	6,438,051	6,438,051
Assets held for sale - Plant and equipment	127,296	127,296
Total	6,565,347	6,565,347
Reclassified to Exploration expenditure (note 7)	(6,438,051)	-
Reclassified to Plant & equipment (note 6)	(127,296)	-
Adjusted total	-	6,565,347

Liabilities associated with assets held for sale:

	31 Dec 2023 \$	30 Jun 2023 \$
Liabilities associated with assets held for sale - Rehabilitation provision	2,650,832	2,650,832
Total	2,650,832	2,650,832
Reclassified to Rehabilitation provision (note 10)	(2,650,832)	-
Adjusted total	-	2,650,832

Comparative information in the condensed consolidated statement of profit and loss has been re-presented due to Red October Gold Project ceasing to be classified as asset held for sale, therefore the result of the operations of this component previously classified as discontinued operations has been reclassified and included in continuing operations.

MATSA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2023

6. PROPERTY, PLANT AND EQUIPMENT

Movements in carrying amounts	31 Dec 2023	30 Jun 2023
	\$	\$
Balance at the beginning of the period	296,760	538,564
Transfer from/(to) assets held for sale (note 5)	127,296	-
Additions	-	156,340
Disposals	-	(121,233)
Depreciation	(120,926)	(276,911)
Balance at the end of the period	<u>303,130</u>	<u>296,760</u>

7. EXPLORATION AND EVALUATION EXPENDITURE

Movements in carrying amounts	31 Dec 2023	30 Jun 2023
	\$	\$
Balance at the beginning of the period	14,532,559	10,627,811
Exploration and evaluation incurred	170,590	1,571,204
Transfer from/(to) assets held for sale (note 5)	6,438,051	2,655,963
Expenditure written off	(312,321)	(322,419)
Balance at the end of the period	<u>20,828,879</u>	<u>14,532,559</u>

The recoverability of the carrying amount of the exploration and evaluation expenditure 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.

As at 31 December 2023, the management has assessed that there is no impairment in the carrying value of the capitalised exploration and evaluation expenditure held by the Group.

8. TRADE AND OTHER PAYABLES

	31 Dec 2023	30 Jun 23
	\$	\$
Unsecured liabilities		
Trade payables	1,184,422	935,424
Sundry creditors and accrued expenses	761,421	542,633
	<u>1,945,843</u>	<u>1,478,057</u>

MATSA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2023

9. BORROWINGS

	31 Dec 23 \$	30 Jun 23 \$
Current		
Insurance premium finance - unsecured	36,289	90,783
Loan – secured (ii)/(iii)	1,000,000	500,000
	<u>1,036,289</u>	<u>590,783</u>
Non-Current		
Loan – secured (i)	3,992,621	3,992,621
	<u>3,992,621</u>	<u>3,992,621</u>

- (i) On 1 December 2022, the Company executed new loan agreements with its existing two independent lenders who have each provided a \$2M facility. The key terms of the finance facility are as follows:

Principal Amount: \$4,000,000
Interest Rate: 12% per annum paid monthly in arrears
Term: \$4,000,000 repayable by 30 November 2025
Security: The loan facility is secured by a mortgage over the Fortitude gold project tenements.
Fee: Issue of 150,000 fully paid ordinary shares at the commencement date and each anniversary date of the loan advance while it remains outstanding.

- (ii) On 28 June 2023, the Company entered into a short-term loan agreement with an existing lender for an additional \$750,000 loan advance of which \$500,000 was drawn down from the advance as at 30 June 2023. The advance was fully drawn down on 12 July 2023. The \$750,000 short-term loan advance which was initially repayable by 30 September 2023 was extended for a further three months to 31 December 2023 on 28 September 2023. On 2 October 2023, the Company made a repayment of \$250,000 towards the short-term loan advance. On 15 December 2023, the repayment date for the remaining \$500,000 loan advance was extended to 30 June 2024.

- (iii) On 15 December 2023, the Company entered into a short-term loan agreement with an existing lender for a second additional \$500,000 loan advance. The \$500,000 short-term loan advance is repayable by 30 June 2024.

All other key terms of the short-term loan include:

Interest Rate: 12% per annum paid monthly in arrears
Security: The short-term loan facility is secured by a mortgage over the Fortitude gold project tenements

A Facility Fee of 150,000 shares was issued to the lenders on or about 15 January 2024.

MATSA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2023

10. PROVISIONS

	31 Dec 23 \$	30 Jun 23 \$
Current		
Provision for long service leave	203,588	-
Provision for annual leave	230,618	286,630
	<u>434,206</u>	<u>286,630</u>
Non-current		
Provision for long service leave	-	215,373
Provision for mine rehabilitation	2,852,747	201,915
	<u>2,852,747</u>	<u>417,288</u>
 Movement in long service leave provision		
Opening balance at the beginning of the period	215,373	201,009
Increase/(decrease) in provision	(11,785)	14,364
Closing balance at the end of the period	<u>203,588</u>	<u>215,373</u>
 Movement in provision for mine rehabilitation		
Opening balance at the beginning of the period	201,915	201,915
Transfer from/(to) liabilities associated with assets held for sale (note 5)	2,650,832	-
Increase in provision	-	-
Closing balance at the end of the period	<u>2,852,747</u>	<u>201,915</u>

11. ISSUED CAPITAL

	31 Dec 23 \$	30 Jun 23 \$
478,674,037 (30 June 2023: 412,007,370) ordinary shares	<u>67,408,157</u>	<u>65,596,745</u>
Movement in ordinary shares on issue during the period	Number of shares on issue	\$
Opening balance at 1 July 2022	358,954,620	63,892,578
Issued capital (at \$0.04 per share)	52,000,000	1,976,000
Shares issued as a facility fee	150,000	5,550
Shares issued in lieu of payment	900,000	34,200
Exercise of options	2,750	468
Share issue costs	-	(312,051)
Closing balance at 30 June 2023	<u>412,007,370</u>	<u>65,596,745</u>
Opening balance at 1 July 2023	412,007,370	65,596,745
Issued capital (at \$0.03 per share)	66,666,667	2,000,000
Share issue costs (Note 12)	-	(188,588)
Closing balance at 31 December 2023	<u>478,674,037</u>	<u>67,408,157</u>

MATSA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the half-year ended 31 December 2023

12. SHARE BASED PAYMENTS

During the half-year ended 31 December 2023, the following options were issued:

- 10,000,000 share options (Tranche 1 5,000,000 options with an exercise price of \$0.07 each and Tranche 2 5,000,000 options with an exercise price of \$0.10 each), were issued to Wentworth Capital as part of their fee for acting as Lead Managers to the share placement. 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 to Wentworth Capital 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.

The fair value of the options granted during the half-year ended 31 December 2023 was estimated at the date of grant using the following assumptions:

Grant Date	20 November 2023	20 November 2023
Number of Share Options	5,000,000	5,000,000
Dividend Yield (%)	-	-
Expected Volatility (%)	68.83	68.83
Risk-free interest rate (%)	4.12	4.12
Expected Life (years)	2.95	2.95
Exercise Price (cents)	7	10
Fair Value per Option (cents)	0.76	0.50
Total Value of Options (\$)	38,086	25,146

For the half-year ended 31 December 2023, the Group has recognised \$63,232 (2022: \$233,834) of share-based payment expense in equity as share issue costs in the condensed consolidated statement of financial position.

13. RELATED PARTIES

Arrangements with related parties continue to be in place. For details on these arrangements refer to the 30 June 2023 consolidated annual financial report.

During the half-year ended 31 December 2023;

- \$69,000 (2022: \$69,000) has been charged to Bulletin Resources Ltd for technical and administrative services; and
- \$3,186 (2022: \$3,186) has been charged by West-Sure Group Pty Ltd for the sub-let of storage space.

14. SUBSEQUENT EVENTS

On 15 January 2024, the Company announced it had been granted its first two SPLs by the Thailand government in the Ratchaburi province where the Company has discovered the Spotted Panther prospect.

On 13 February 2024, the Company announced it has received further high grade assay results from the Devon Pit Gold Project and that it had now received results from 47 holes of a 53 hole program.

On 14 February 2024, the Company received an R&D refund amounting to \$927,139 pertaining to the 2022-2023 financial year.

On 28 February 2024, the Company received \$342,152 as R&D loan funding from Radium Capital in relation to eligible R&D expenditure incurred pertaining to the 2023-24 financial year;

MATSA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the half-year ended 31 December 2023

14. SUBSEQUENT EVENTS (Continued)

On 4 March 2024 the Company announced that it had executed a binding Heads of Agreement with BML Ventures Pty Ltd ("BML") for the mining of the Devon Pit Gold Mine with mining anticipated to commence in the second half of 2024 and be completed by late 2025. Profits from the mining of Devon will be split on a 50/50 basis between the Company and BML.

No further matter or circumstance has arisen subsequent to the reporting date, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

15. CONTINGENT ASSETS AND LIABILITIES

As part of the terms of the termination of the JVA with LGA, a net profit share in the Devon Pit Gold Mine to a maximum of \$4M (the "Profit Share") which is payable from future mining operations at (or the sale of) the Devon Pit Gold Mine is granted to LGA. There is no immediate cash consideration payable.

At the end of the half-year, the required terms noted above have not yet been achieved and hence the Profit Share remains contingent.

Other than described above, there have been no other material changes to contingent assets or liabilities as disclosed in the 2023 consolidated annual financial report.

16. COMMITMENTS

There have been no material changes to commitments as disclosed in the 2023 consolidated annual financial report.

MATSA RESOURCES LIMITED

DIRECTORS DECLARATION

In accordance with a resolution of the directors of Matsa Resources Limited, I state that:

In the opinion of the directors:

- (a) the condensed consolidated financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2023 and the performance for the half-year ended on that date of the Group; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Paul Poli
Executive Chairman

Dated this 14th day of March 2024

Independent Auditor's Review Report

To the members of Matsa Resources Limited

Report on the Condensed Interim Financial Report for the Half-Year Ended 31 December 2023

Conclusion

We have reviewed the accompanying condensed interim financial report of Matsa Resources Limited (the "Company") and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the condensed interim financial report of the Group does not comply with the *Corporations Act 2001* including:

- i) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- iii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ("ASRE 2410"). Our responsibilities are further described in the Auditor's Responsibility for the Review of the Condensed Interim Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2(f) in the condensed interim financial report, which indicates that the Group incurred a net loss of \$3,123,727 and cash outflows from operating activities of \$1,918,908 during the half-year ended 31 December 2023 and had a net working capital deficiency of \$2,443,752 as at 31 December 2023. As stated in Note 2(f), these events or conditions, along with other matters as set forth in Note 2(f), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Advisory. Tax. Audit.

ACN 145 447 105

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Directors' Responsibility of for the Condensed Interim Financial Report

The directors of the Group are responsible for the preparation of the condensed interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the condensed interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

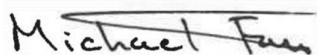
Auditor's Responsibility for the Review of the Condensed Interim Financial Report

Our responsibility is to express a conclusion on the condensed interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the condensed interim 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 2023 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*.

A review of a condensed 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.

NPAS

Nexia Perth Audit Services Pty Ltd



Michael Fay
Director

Perth
14 March 2024