



MATSA
RESOURCES

LIMITED
ABN 48 106 732 487

ASX Announcement

16 December 2013

**Matsa to Acquire Up To 75% Interest
in Halls Creek Gold Project**

Highlights

- *Binding Terms Sheet signed with Bulletin Resources Limited (“Bulletin”) for the acquisition of a 49% direct interest in Bulletin’s Halls Creek Gold Project including all infrastructures.*
- *Joint Venture Agreement to be entered into whereby Matsa can farm-in in stages over 3 years for a further 26% interest.*
- *The Halls Creek Gold Project contains resources of 1,768,000t @ 5.2 g/t for 294,000 oz Au together with a 120,000 tpa CIL processing plant, camp and all other ancillary infrastructures.*
- *Project includes a sizable exploration base with a number of known gold occurrences that is significantly under explored.*
- *Matsa already owns extensive prospective exploration tenements and applications contiguous to the Halls Creek Gold Project.*

Matsa Resources Ltd (ASX: MAT) (“Matsa” or the “Company”) is pleased to announce it has executed a binding Terms Sheet for the acquisition of an initial 49% direct interest in Bulletin’s Halls Creek Gold Project with staged farm-in arrangements to increase that interest by meeting specific expenditure requirements on the project.

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

144.15 million

Unlisted Options

8.3 million @ \$0.31 - \$0.43

Top 20 shareholders

Hold 48%

Share Price on 16 December 2013

22 cents

Market Capitalisation

\$31.7 million

Matsa's Executive Chairman, Mr Paul Poli said "Whilst clearly The Symons Hill Nickel Copper Project is by far our most important project and our primary focus, we see a lot of value in the Halls Creek Gold Project being part of our stable of projects. We have been shareholders of Bulletin Resources Limited for some time and this further investment completes what was started some 12 months ago, it is a win win for both companies.

Mr Poli added, "This is one of the few near term production projects with high grade reserves together, with all the existing plant and necessary infrastructure available at a compelling price and circumstance. This transaction allows Matsa to potentially meet a key corporate objective of becoming a producer in a potentially relatively short time period."

There are a number of conditions to be met including, but not limited to, Bulletin seeking and receiving shareholder approval and both parties entering into a Sale and Purchase agreement and Joint Venture agreement as part of this transaction.

The key terms of the Terms Sheet include;

- Matsa acquiring an initial 49% interest in the Halls Creek Gold Project for a consideration consisting of;
 - \$600,000 cash,
 - 2 million fully paid ordinary shares in Panoramic Resources Limited (ASX: PAN), and
 - 1.5 million fully paid ordinary shares with escrow provisions in Matsa.
- The establishment of a Joint Venture whereby, in stages, Matsa can earn up to 75% direct interest in the Halls Creek Gold Project on the following basis;
 - Stage 1: Matsa to spend \$1M in the first year to acquire an additional 13% interest in the Halls Creek Gold Project (taking its interest to 62%) via direct expenditure on the project (mandatory),
 - Stage 2: Matsa has the option to spend a further \$1M within 2 years after the first year to acquire a further 13% interest in the Halls Creek Gold Project (taking its interest to 75%) via direct expenditure on the project,
 - Stage 3: Matsa is required if a decision to mine has not been made within 3 years from settlement to spend up to \$1M over a further 3 year period to ensure the tenements remain in good standing (mandatory).
- At decision to mine if Bulletin elects not to enter into a Production Joint Venture, Matsa can elect to purchase the remaining 25% of the Project for the following consideration;
 - A cash payment of \$1.5M, or
 - The issue of \$1.5M worth of Matsa shares based on volume weighted average price of Matsa shares over the 10 trading days prior to Matsa electing to acquire the remaining interest, or
 - Matsa will pay to Bulletin a production royalty equal to 1% per quarter of gross revenue received over the life of the Project to a value of \$3M.

- At the completion of Stage 3, if any party does not wish to contribute its share of the Joint Venture expenditure, normal dilution clauses will apply.
- Matsa will be immediately appointed Manager of the Joint Venture upon acquiring the 49% interest.

Matsa will pay a deposit of \$500,000 to Bulletin, with final agreements to be executed upon receipt of all statutory and shareholder's approvals where required. Should Bulletin not receive shareholder approval for the sale, the deposit will become a loan repayable to Matsa within 10 months, at an interest rate appropriate for this type of transaction.

Should Bulletin receive a superior offer prior to settlement, Matsa can elect to match that offer. If Matsa chooses not to match the offer, Matsa's deposit will be refunded immediately and will also receive a \$100,000 break fee.

About the Halls Creek Gold Project

The Halls Creek Gold Project is an advanced high grade gold project, with a total Resource Estimate (indicated and inferred) of 1,768,000t @ 5.2 grams per tonne(g/t) for 294,000 ounces(oz) of contained gold(Au) together with an existing and well maintained 120,000 tonne per annum (tpa) CIL processing plant, camp and ancillary infrastructure, all located on granted mining leases and surrounding exploration licences, providing an excellent opportunity to re-commence gold production in the near term. (Refer Bulletin ASX announcement dated 16th December 2013 for detail of resources.)

In April 2012, Bulletin completed the Halls Creek Feasibility Study which principally focussed on proposed open pit mining of the existing resources along the Nicolson's Shear Zone and future underground mining of the open-ended plunging high grade gold shoots at depth. An additional update on the Feasibility Study was reported in September 2012.

Since the release of the updated Feasibility Study, Bulletin has focussed on identifying various investment alternatives to bring the Halls Creek Project into production with little success.

While a number of potential cost savings have already been identified by Bulletin, Matsa's funding will focus on reducing capital costs and progress focused exploration to identify new resource ounces and to develop the project in the near term. There are a number of prospective structural corridors with known recent and historical gold mines and prospects that are considered grossly under-explored by modern standards.

Matsa expects this transaction to be completed shortly after Bulletin receiving shareholder approval but otherwise no later than the end of February 2014.

For further information please contact:

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