MATSA RESOURCES

LIMITED
ABN 48 106 732 487

ASX Announcement

31 July 2014

Quarterly Activities Report – 30 June 2014

HIGHLIGHTS

Symons Hill (MAT 100%)

- *3.8m of disseminated sulphides, chalcopyrite/pyrite mineralisation intersected from 454m downhole (SHDD006 at VA11). Sulphides in the host rocks are significant as the presence of a sulphide phase in the melt is a prerequisite for formation of a magmatic Ni-Cu ore body.*
- *This sulphide discovery at VA11 coupled with highly anomalous Ni assays up to 0.36% Ni in RC drilling reinforces the very high prospectivity for the presence of significant Ni-Cu sulphide mineralisation at Symons Hill.*
- *Assay results received from approximately 80% of RC samples include highly anomalous Ni values over broad intervals in ultramafic granulites at SHG02 and SHG03, SHG10 and SHG11.*
- *Very high powered EM survey being planned to explore below 400m depth to identify deep previously undetected massive sulphide-type conductors as possible Ni-Cu sulphide targets.*

Killaloe Joint Venture (MAT 80%; CUL 20%)

- *Diamond drilling recommences at HWG prospect.*
- *Komatiite hosted disseminated sulphides for a best intercept of 1.35m @ 0.54% Ni were intersected from 93.35m, in diamond drillhole 14KLDH01.*
- *Additional narrow nickel rich semi-massive sulphides (0.2m at 137.5m and 0.05m at 145m) intersected in underlying metabasalt.*
- *Based on preliminary inspection, Ni mineralisation occurs as sulphides, (most likely pentlandite) which occur together with disseminated and semi-massive pyrrhotite in ultramafic volcanics (komatiite).*
- *Downhole EM (DHEM) and surface Moving and Fixed Loop EM surveys have identified strong conductors which are interpreted to be associated with Ni mineralisation in KLDDH02.*

Regional

- *Broad gold and Ni geochemical anomalies identified by 882 hole auger programme at Minigwal Project SE of Laverton.*

Corporate

- *Cash and liquid assets in excess of $14 Million.*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

144.15 million

Unlisted Options

8.31 million @ $0.31 - $0.43

Top 20 shareholders

Hold 50.36%

Share Price on 31 July 2014

35 cents

Market Capitalisation

$50.45 million

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INTRODUCTION

Matsa Resources Limited ("Matsa" or "the Company" ASX:MAT) is pleased to report on its exploration and corporate activities for the quarter ended 30 June 2014.

Background information about the methods and data used in compiling this report, are attached as Appendices 1-4 as required under the JORC 2012 Code.

COMPANY ACTIVITIES

SYMONS HILL PROJECT – Matsa 100%

E69/3070 of 96km^2 is located within the Fraser Range Tectonic zone, 6kms SSW of Sirius Resources Ltd's (ASX:SIR) Nova-Bollinger nickel/copper discoveries.

The following activities were carried out during the quarter:

- Detailed low level high resolution aeromagnetic and radiometric survey;
- Aeromagnetic and Radiometric Survey Targeting Study;
- Assay results from the aircore programme carried out during the March Quarter;
- Modeling and interpretation of March quarter IP and EM surveys;
- Commencement of a diamond and RC drilling programme; and
- Aircore and RAB drilling by SIR along centerline of proposed Nova-Bollinger haul road.

High Resolution Aeromagnetic and Radiometric Survey

The survey was completed by Thomson Aviation Services in mid-May for a total of 4,355 line kilometres along mostly EW lines spaced 50m apart. Magnetic and radiometric data was collected at a mean sensor height of 35m.

Revised Targeting Study

A targeting study based on a structural and stratigraphic interpretation of the new high resolution airborne magnetic and radiometric survey results, was carried out by Sinistral International following up their earlier study based on broader scale regional data. This study has led to a number of targets being finessed and has highlighted the importance of stratabound metagabbro within and adjacent to the Symons Hill Dome as potential host rocks for Ni-Cu sulphide mineralisation.

Assay Received Phase 4 Aircore Drilling

Assays were received for the remaining 1,169 composite assay samples and 173 bottom of drillhole samples from the March quarter 2014 aircore drilling programme comprising 495 drillholes. (*Results including commentary, a listing of intercepts containing >0.1% Ni and summary statistics for Cu, Ni, Cr, Co, Pb and Zn, were the subject of two announcements to the ASX dated 12th May 2014 and 14th May 2014*).

Key results include:

- Discovery of a new zone of significantly anomalous Ni in weathered mafic/ultramafic granulite bedrock at **SHG11** with a key intercept of ***16m@0.31% Ni, 0.013% Cu, 0.012% Co*** (from 20m) including ***4m@0.72% Ni, 0.026% Cu, 0.030% Co*** (from 32m) in drillhole 14SHAC625. A bottom of hole XRF assay of ***1.2% Ni*** was previously announced from this drillhole which is located at the southern end of the Gloucester Corridor which is a potentially a significant stratabound Ni-rich bedrock anomaly defined by values in weathered bedrock exceeding 300ppm Ni. This strike extensive zone of Ni anomalous mafic/ultramafic granulites extends between SHG04 and the newly discovered SHG11 within the Symons Hill Dome. The ultramafic and mafic rocks identified by aircore and RC drilling in the Gloucester Corridor are interpreted to represent a distinctive stratabound unit which is highly prospective for Ni-Cu sulphide mineralisation.

- Discovery of a new zone of significantly anomalous Ni values at **SHG10** along the SW margin of the Symons Hill Dome. Elevated Ni values >0.1% Ni were returned in mafic ultramafic granulite bedrock on 3 EW drill lines spaced 400m apart. This Ni rich zone is overlain by sandy transported cover and was not detected as a nickel anomaly by surface soil sampling. Key intercepts at SHG10 include ***17m@0.10% Ni, 0.008% Cu, 0.011% Co*** (from 44m) in drillhole 14SHAC633 and ***1m@0.11% Ni, 0.055% Cu, 0.014% Co*** (from 44m) in drillhole 14SHAC716.

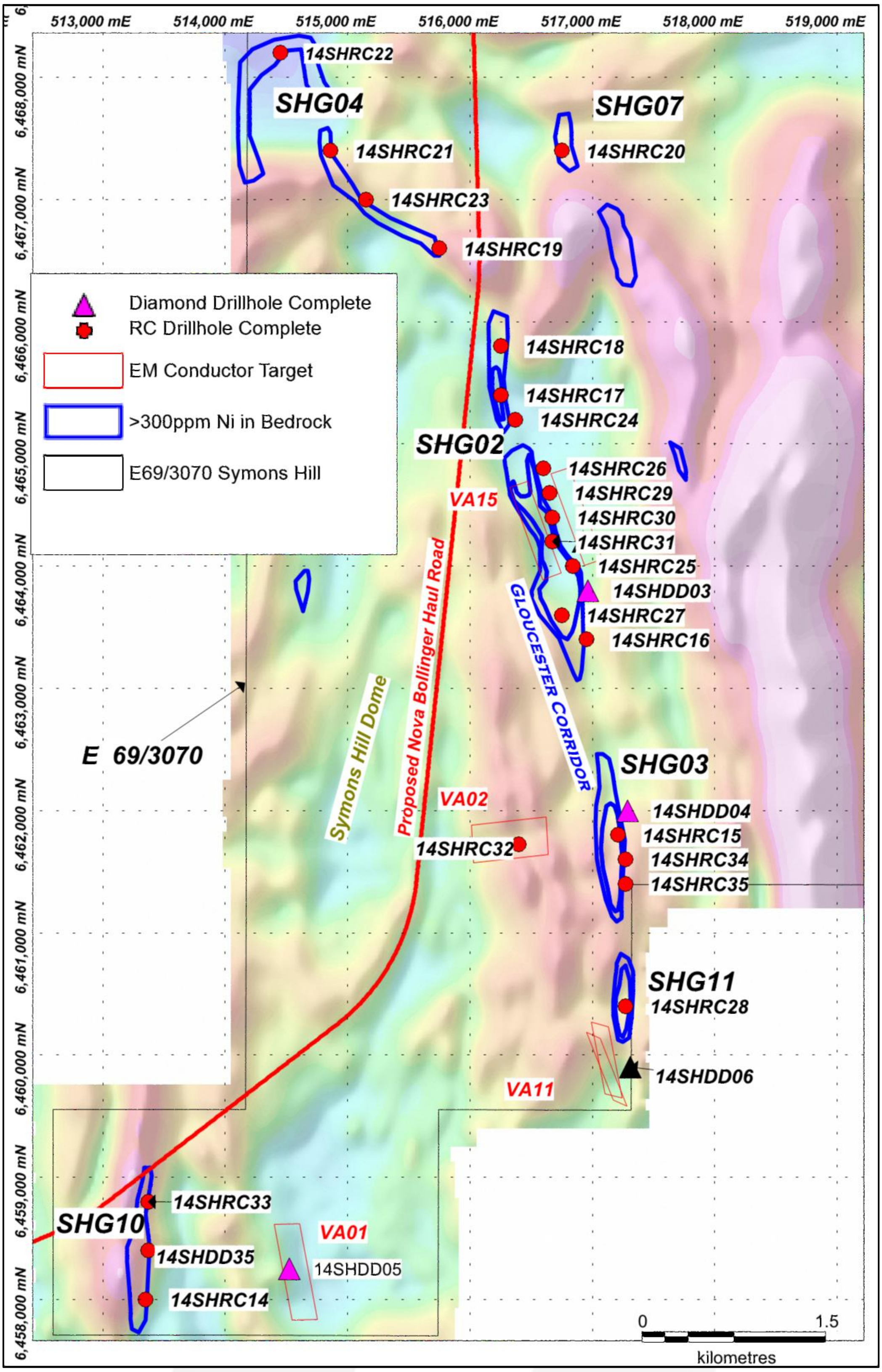

***Figure 1:** Symons Hill: 2014 RC and Diamond Drilling and Ni Prospects on TMI Image*

Modeling and Interpretation of EM and IP Surveys

Modeling and interpretation during the quarter of Induced Polarisation (IP) and EM surveys carried out during the March quarter as previously announced to the market defined two targets for drill testing in addition to EM conductor targets VA11 and VA15. *(For technical information the reader is referred to Table 1 of MAT announcement to the ASX dated 8th May 2014 which contains detailed geophysical survey parameters).*

- IP 01: moderate to strong chargeability anomaly in IP survey data directly coincident with strongly enriched Ni values including **1.2% Ni, 0.012% Cu, 0.001% Co** (SHAC117) in weathered olivine bearing metagabbro SHG02. Previous shallow (120m) deep RC drillholes in the 1.2km long SHG02 target zone, intersected high Ni values in unweathered bedrock including **108m@0.27% Ni, 0.004% Cu** (SHRC06) accompanied by trace disseminated sulphides in unweathered olivine metagabbro. This anomaly which comprises an 8 mV/V chargeability anomaly evident in the IP survey data was targeted as a potential accumulation of disseminated sulphides (including Ni and Cu sulphides) at depth. (*ASX Announcement 8th May 2014).*

- IP 02: moderate chargeability anomaly in IP survey data directly coincident with strongly enriched Ni values in weathered olivine bearing metagabbro e.g. **21m@1.15% Ni, 0.02% Cu and 0.03% Co** which includes **13m@1.52% Ni, 0.01% Cu, 0.04% Co** (SHAC591). Previous RC drilling in this 0.9km SHG03 target zone achieved intercepts including ***56m@0.39% Ni, 162ppm Cu*** *(SHRC02)* accompanied by ***trace disseminated sulphides*** in unweathered olivine metagabbro directly along strike from the IP anomaly. This anomaly which comprises a 5 mV/V chargeability anomaly evident in the IP survey data was targeted as a potential accumulation of disseminated sulphides (including Ni and Cu sulphides) at depth. (*ASX Announcement 12h May 2014).*

Diamond and RC Drilling

A diamond and RC drilling programme commenced in June to test high priority targets mostly within Ni anomalous mafic and ultramafic granulites of the Gloucester Corridor.

Diamond and RC drilling focused on high priority targets within the Symons Hill Dome with particular emphasis on targets SHG02, SHG03, SHG04, SHG10, SHG11, EM Targets VA1, VA2, VA11, VA15 and IP targets IP01 and IP02. These targets are all considered to have high potential for associated Ni-Cu sulphide mineralisation (Figure 1, Table 1).

Four diamond drill holes for 480m of RC pre-collars and 792m of NQ diamond core were completed under this programme. The RC drilling programme comprising 23 drillholes for 4,481m of drilling was completed.

Hole	Hole Type	East	North	RL	Depth	Dip	Azi
14SHDD03	Diamond	516960	6463800	296	300	-60	270
14SHDD04	Diamond	517285	6462000	290	175	-60	270
14SHDD05	Diamond	514525	6458250	300	294	-60	90
14SHDD06	Diamond	517311	6459898	260	503	-60	270
14SHRC14	RC	513355	6457999	256	142	-60	270
14SHRC15	RC	517212	6461806	299	148	-60	270
14SHRC16	RC	516951	6463402	299	226	-60	270
14SHRC17	RC	516246	6465404	300	120	-60	270
14SHRC18	RC	516243	6465790	313	120	-60	270
14SHRC19	RC	515750	6466600	296	120	-60	270
14SHRC20	RC	516750	6467401	304	120	-60	270
14SHRC21	RC	514860	6467401	299	120	-60	270
14SHRC22	RC	514449	6468200	291	120	-60	270
14SHRC23	RC	515147	6466999	298	250	-60	270
14SHRC24	RC	516370	6465200	300	250	-60	270
14SHRC25	RC	516839	6463996	301	247	-60	270
14SHRC26	RC	516603	6464805	308	250	-60	270
14SHRC27	RC	516747	6463595	287	250	-60	270
14SHRC28	RC	517270	6460400	275	250	-60	270
14SHRC29	RC	516648	6464600	297	250	-60	270
14SHRC30	RC	516663	6464401	301	250	-60	270
14SHRC31	RC	516670	6464200	303	250	-60	270
14SHRC32	RC	516401	6461725	305	148	-60	90
14SHRC33	RC	513368	6458798	262	100	-60	270
14SHRC34	RC	517270	6461600	290	250	-60	270
14SHRC35	RC	517270	6461400	290	250	-60	270
14SHRC36	RC	513370	6458400	270	250	-60	270

Table 1: Symons Hill Project Diamond and RC drilling 2014

Diamond Drilling

Diamond drilling has been carried out by Frontline Drilling Services, recovering NQ drill core. Details of management, sampling and logging of diamond drill core are provided in Appendix 1.

Diamond Drillhole 14SHDDH06 (Target EM conductor VA11)

This diamond hole was designed to test conductor VA11 which was initially detected by Matsa's 2012 helicopter borne VTEM survey and subsequently confirmed by ground MLEM surveys carried out in March 2014. The drillhole has intersected a range of mafic and variably feldspathic felsic granulites. Disseminated sulphide mineralisation was recognized in a sheared garnet bearing feldspathic granulite between 454.4m and 458.2m with approximately equal amounts of chalcopyrite and pyrite.

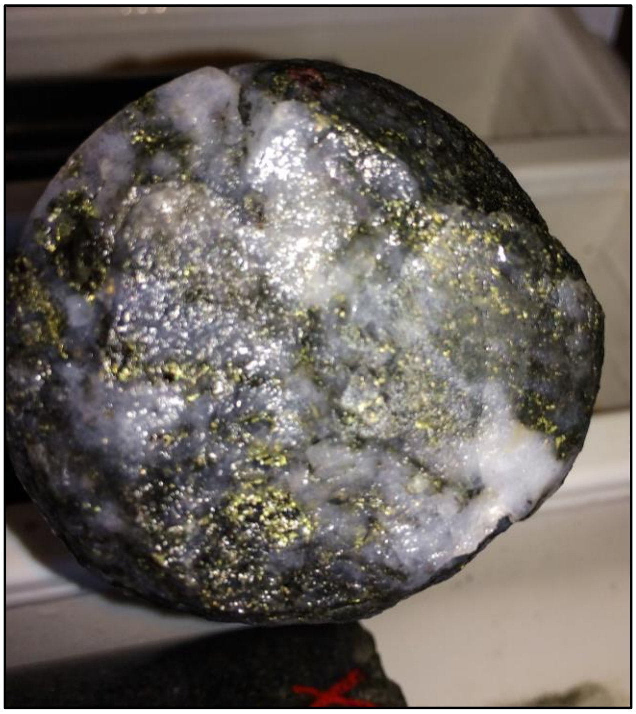

***Figure 2:** Pyrite and chalcopyrite in quartz vein aligned with foliation in a garnet bearing granulite gneiss (14SHDD06 456.2m)*

***Figure 3:** Strongly aligned pyrite chalcopyrite associated with quartz veins in a garnet bearing granulite gneiss. (14SHDD06 455.8m)*

Identification of a sulphide source for conductor VA11 is extremely encouraging because:

- It increases the possibility that the source of Matsa's second similar but deeper conductor at VA15 which underlies highly anomalous bedrock Ni values >1% Ni at SHG02, is also sulphide related and may lead directly to a Ni sulphide discovery;

- Highly enriched Ni values >1% Ni associated with weathering of Ni-rich rocks have been identified at SHG02, SHG03 and SHG11. This discovery of disseminated sulphides close to SHG11 confirms the presence of sulphur in the mafic granulite sequence in close proximity to the Ni-rich mafic and ultramafic granulites in the Gloucester Corridor. The presence of sulphur at an early stage in the mineralisation process is an important component in the formation of Ni sulphide mineralisation; and

- The intersection of a steeply dipping zone of disseminated chalcopyrite/pyrite and quartz veining may represent a new and potentially significant mineralisation style.

Diamond Drillhole 14SHDD03 (Target Chargeability Anomaly IP01 at SHG02)

This hole, which was completed to a depth of 300m, was designed to test the strong chargeability response **IP01** at a modeled depth of 250m underlying strongly enriched Ni values >1% Ni in weathered basement rocks at **SHG02** as described above. The drillhole intersected a suite of ultramafic and mafic granulites with trace sulphides throughout. The granulites are cut by narrow (<2m) steeply dipping clay rich and micaceous shears which extend to the modeled depth of the IP anomaly. The presence of saline groundwater in these fractures may be the source of this anomaly. As noted, trace sulphide minerals, principally pyrrhotite were observed throughout the granulite sequence which remains highly prospective for Ni sulphide mineralisation. Assays are awaited.

Diamond Drillhole 14SHDD04 (Target Chargeability Anomaly IP02 at SHG03)

This hole, which was completed to a depth of 175m, was designed to test chargeability response **IP02** at a modeled depth of 120m underlying strongly enriched Ni values >1% Ni in weathered basement rocks at **SHG03.** The modeled depth of the IP anomaly coincides with an observed increase in grain size of trace sulphides principally pyrrhotite in a serpentinised olivine bearing ultramafic. Trace sulphides were observed throughout the drilled section which remains highly prospective for Ni sulphide mineralisation. Assays are awaited.

Diamond Drillhole 14SHDD05 (Target Conductor VA01)

This hole was completed to a depth of 300m targeting a moderate VTEM conductor at a modeled depth of ~200m. The drillhole intersected a suite of variably feldspathic mafic granulites with several zones of brittle fracturing. A preliminary interpretation suggests the source of the EM anomaly to be the presence of saline groundwater in brittle fractures some of which are occupied by thin (<2mm) black possibly carbonaceous partings.

RC Drilling

RC drilling was carried out using two RC drilling rigs. Details of management, sampling and logging of RC drill cuttings are provided in Appendix 1.

RC drilling was designed with two main objectives:

- Deep RC to directly test for Ni sulphides in mafic/ultramafic granulites underlying highly Ni anomalous (>1% Ni) values in weathered basement at SHG02, SHG03 and SHG11. Where possible these holes have been completed to 250 metres and to line them with PVC tubing to enable DHEM surveys to be carried out; and

- Reconnaissance RC drillholes between 120m and 250m depth to better define the character of rocks underlying anomalous bedrock Ni values along the Gloucester Corridor including targets SHG04, SHG07 and SHG10.

Samples were composited for assaying over 4m intervals. A total of 865 composite assay results have been received to date. Maximum values for Ni, Cu and Co are presented for each drillhole in Table 2 and intercepts >0.1% Ni received to date are summarised in Table 3.

Hole_ID	Target	Depth	MGA 94 Zone 51		Max Ni %	Max Co (ppm)	Max Cu (ppm)
			East	North			
14SHRC18	Gloucester	120	516243	6465790	0.05	178	192
14SHRC19	Gloucester	120	515750	6466600	0.02	75	83
14SHRC23	Gloucester	250	515147	6466999	0.04	74	416
14SHRC16	SHG02	226	516951	6463402	0.21	122	138
14SHRC17	SHG02	120	516246	6465404	0.21	126	245
14SHRC24	SHG02	250	516370	6465200	0.17	733	203
14SHRC25	SHG02	247	516839	6463996	0.21	90	142
14SHRC26	SHG02	250	516603	6464805	0.21	96	170
14SHRC27	SHG02	250	516747	6463595	0.36	172	150
14SHRC29	SHG02	250	516648	6464600	0.20	90	184
14SHRC30	SHG02	250	516663	6464401	0.27	177	157
14SHRC15	SHG03	148	517212	6461806	0.3	378	383
14SHRC21	SHG04	120	514860	6467401	0.06	156	217
14SHRC22	SHG04	120	514449	6468200	0.04	189	231
14SHRC20	SHG07	120	516750	6467401	0.05	141	165
14SHRC14	SHG10	142	513355	6457999	0.14	105	345
14SHRC33	SHG10	100	513368	6458798	0.23	149	249
14SHRC28	SHG11	250	517270	6460400	0.20	151	249
14SHRC32	VA02	148	516401	6461725	44	32	100

*Table 2: **Symons Hill RC Drilling 2014, Maximum Assays for Cu, Ni and Co.***

Hole_ID	Target	From (m)	To (m)	Thick (m)	Ni %	Cu_ppm	Co_ppm
14SHRC16	SHG02	88	160	72	0.17	18	78
14SHRC17	SHG02	44	100	56	0.18	23	79
14SHRC24	SHG02	92	124	32	0.14	11	66
14SHRC24	SHG02	168	176	8	0.12	132	67
14SHRC25	SHG02	40	76	36	0.17	16	75
14SHRC25	SHG02	88	224	136	0.17	11	77
14SHRC25	SHG02	232	236	4	0.11	25	67
14SHRC26	SHG02	84	176	92	0.16	17	75
14SHRC26	SHG02	184	196	12	0.16	10	74
14SHRC27	SHG02	24	44	20	0.15	100	42
14SHRC27	SHG02	52	72	20	0.19	72	134
14SHRC27	SHG02	88	96	8	0.13	17	65
14SHRC29	SHG02	92	192	100	0.17	19	79
14SHRC30	SHG02	40	136	96	0.18	21	76
14SHRC15	SHG03	40	80	40	0.17	133	134
Includes	SHG03	68	76	8	0.26	344	196
14SHRC15	SHG03	92	104	12	0.11	89	85
14SHRC14	SHG10	72	80	8	0.13	218	102
14SHRC33	SHG10	52	72	20	0.13	170	97
14SHRC28	SHG11	60	112	52	0.17	28	82

*Table 3: **Symons Hill RC Drilling 2014, Intercepts containing >0.1% Ni.***

Results to date confirm highly anomalous Ni values >0.1% Ni in fresh mafic/ultramafic granulites at SHG02, SHG03, SHG11 and SHG04 along the Gloucester Corridor and at SHG10 on the opposite side of the Symons Hill Dome.

Target SHG02

Highly anomalous Ni values were obtained from 10 drillholes completed over the 3km strike extent of SHG02. These include a number of broad anomalous intercepts as follows:

14SHRC16 **72m@0.17% Ni** 18 ppm Cu 78 ppm Co from 88m
14SHRC17 **56m@0.18% Ni** 23 ppm Cu 79 ppm Co from 44m
14SHRC25 **136m@0.17% Ni** 11 ppm Cu 77 ppm Co from 88m
14SHRC26 **92m@0.16% Ni** 17 ppm Cu 75 ppm Co from 84m
14SHRC29 **100m@0.17% Ni** 19 ppm Cu 79 ppm Co from 92m
14SHRC30 **96m@0.18% Ni** 21 ppm Cu 76 ppm Co from 40m

These intercepts confirm the Ni rich nature of mafic/ultramafic granulites including pyroxenites and dunites which underlie Ni enrichment up to >1% Ni in weathered bedrock at SHG02. These rocks which contain trace sulphides throughout are comparable with those described in the hanging wall sequence at Nova-Bollinger and remain highly prospective for Ni sulphide mineralisation.

Target SHG03

Results were obtained for one of three RC holes completed over this target. Three highly anomalous Ni intercepts were obtained from drillhole SHRC015 as follows:

14SHRC15	**40m@0.17% Ni 133 ppm Cu 134 ppm Co** from 40m
Including	**8m@0.26% Ni 344 ppm Cu 196 ppm Co** from 68m
and	**12m@0.11% Ni 89 ppm Cu 85 ppm Co** from 92m

These intercepts are noteworthy for the relatively enriched Cu values (up to 344 ppm Cu) compared to the values in SHG02. It is proposed to redo assay composites at 1m intervals and to submit key samples for petrographic examination for the presence of Ni sulphides.

These intercepts confirm the Ni rich nature of mafic/ultramafic granulites including pyroxenites and dunites which underlie Ni enrichment up to >1% Ni in weathered bedrock at SHG02. These rocks which contain trace sulphides throughout are comparable with those described in the hanging wall sequence at Nova Bollinger and remain highly prospective for Ni sulphide mineralization.

Target SHG10

Assay results received of composite samples from two of the three drillholes completed over this target confirm strongly anomalous Ni values in mafic ultramafic granulites underlying surface Ni enrichment derived by previously reported aircore drilling. Key intercepts are as follows:

14SHRC14	**8m@0.13% Ni 218 ppm Cu 102 ppm Co** from 72m
14SHRC33	**20m@0.13% Ni 170 ppm Cu 97 ppm Co** from 52m

RC drilling was terminated short of the target depth of 250m in two holes, because of drilling difficulties associated with unconsolidated sandy palaeochannel fill overlying basement. The presence of transported cover also screened the presence of Ni rich mafic granulites from detection by surface soil sampling.

Target SHG11

One RC drillhole was completed to test this newly defined strong bedrock Ni anomalism along the southern end of the Gloucester Corridor. Handheld XRF values >1%Ni were previously reported from aircore drilling a short distance from EM conductor target VA11. The significant intercept is as follows:

14SHRC28	**52m@0.17% Ni** 28 ppm Cu 82 ppm Co from 60m

MT HENRY GOLD PROJECT JOINT VENTURE – Matsa 30%

The Mt Henry JV tenements cover 77km^2 and are located south of Norseman in Western Australia. This is a joint venture between Matsa Resources Ltd 30% and Panoramic Resources Ltd 70%.

Panoramic is undertaking a Bankable Feasibility Study (BFS) on the Mt Henry Gold Project results will be released when completed.

KILLALOE PROJECT - Matsa Resources 80%, Cullen Resources 20%

The Killaloe project comprises tenements as summarised in Figure 4 and is a joint venture between Matsa and Cullen Resources Limited. Exploration under the joint venture is managed by Matsa.

Past Nickel Exploration

A review carried out in 2013 of past exploration at Killaloe revealed significant untested potential for Ni sulphide mineralisation associated with two broad belts of ultramafic (komatiite) volcanics, termed the Eastern and

Western Ultramafic Belts.

Past exploration commencing in the 1960's identified a large number of outcrops of weathered sulphides (gossans) in many cases associated with strong coincident soil Ni and Cu anomalism. Much of the interpreted ultramafic sequences have been covered by historic EM surveys which identified a large number of conductors. Detailed mapping indicated strong similarities between the ultramafics at Killaloe with mineralised komatiite sequences at Kambalda and Widgiemooltha.

A relatively small number of targets have been drill tested with Ni sulphides being recognised in only one target namely the Hanging Wall Gossan (HWG) Prospect.

Drilling carried out previously on EM targets, including those drilled by Matsa in 2013, and these were found to reflect conductive sulphide and graphite rich shales and chert units rather than massive Ni rich sulphides. The exception was historic work at the Hanging Wall Gossan (HWG) prospect where drilling was reported to coincide with the presence of Ni sulphides. (Reported intercept of 1m@0.65%Ni in drillhole KLC21 completed in 2005 by Sipa Resources Ltd).

Matsa carried out an FLTEM survey over the HWG in 2013 and the programme below has been designed to test for the presence of economic quantities of Ni sulphide mineralisation.

Exploration during the Quarter June 2014

During the quarter work was focused at HWG as follows:

- Remodeling of FLTEM data collected during 2013;
- Completion of diamond drillhole KLDDH01 to test modeled conductor;
- Follow up DHEM survey of KLDDH01;
- Follow up FLTEM survey; and
- Follow up diamond drillhole KLDDH02 commenced.

Remodeling of HWG MLTEM data

Modeling of data collected in 2013 over three NE trending FLTEM traverses spaced 150m apart (Local Grid 25700N, 25850N and 26000N) identified a highly conductive bedrock target. (Figure 4) (ASX Announcement dated 29th October 2013).

Matsa's geophysical consultants Southern Geoscience report that modeling indicates the EM anomaly to be shallowest along the central survey line, with the data indicating the presence of at least two bedrock conductive sources. One localised highly conductive shallow conductor (Conductivity ~10000-20000S) is defined in late channel models and was interpreted to be consistent with the presence of massive/strongly developed sulphide mineralisation and possibly to reflect the Ni sulphide mineralisation intersected in KLC21.

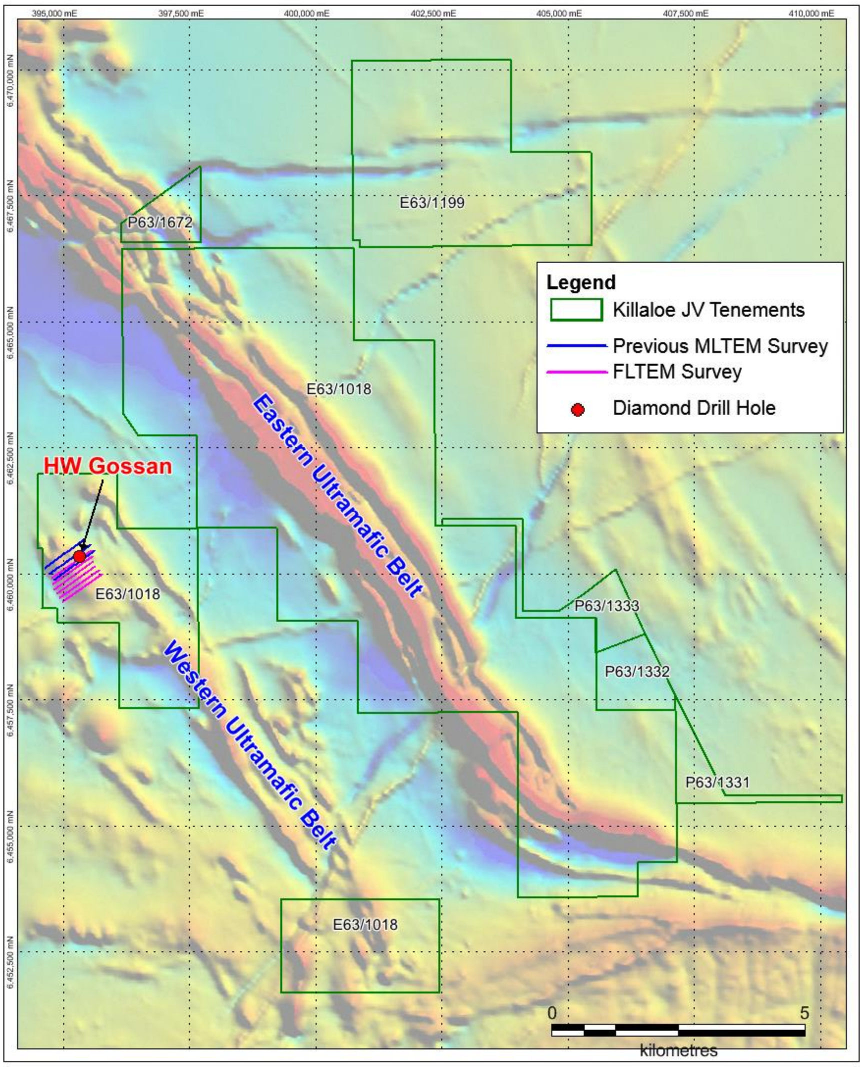

***Figure 4:* Killaloe JV Project and Location of Hanging Wall Gossan prospect and diamond hole 14KLDH01**

Diamond Drilling

Diamond drillhole 14KLDH01 was designed to test the strong shallow conductor described above and completed to a final depth of 198.5m (Table 4).

Hole	East	North	RL	GDA Zone	Depth	Azimuth	Dip
14KLDH01	395140	6460305	302mRL	MGA51	198.5	055 deg	-60

***Table 4:* 14KLDH01 Summary**

A 0.2m lens of semi-massive sulphide mineralisation was intersected at 93.15 below a 14.5m thick zone of disseminated sulphides close to the basal contact between komatiite lavas and underlying basalt. Further zones of semi massive sulphides of 0.2m and 0.5m respectively were intersected in the underlying basalt. Results announced to the market related to spot readings using a handheld XRF analyser. (MAT report to ASX 16th June 2014).

Final 4-acid digest results have subsequently been received with all assays presented in Appendix 2. Intercepts of significantly elevated Ni values based on interpreted geology, are presented in Table 5 .Core assay and sampling procedures as required under the JORC 2012 guidelines are presented in Appendix 1.

Hole	From (m)	To (m)	Intercept (m)	Comments	Ni %	Cu %	Cr %	Co %
14KLDH01	78.7	93.15	14.45	1%–3% disseminated sulphides in komatiite. Spot handheld XRF values to 0.6% Ni.	0.21	0.003	0.23	0.01
14KLDH01	93.15	93.35	0.2	30%–40% semi-massive sulphides in sheared komatiite (Figure 2). Mineralisation is located close to the contact between komatiite and underlying metabasalt. Spot handheld XRF results to 3.15% Ni.	0.57	0.091	0.24	0.034
14KLDH01	93.35	93.7	0.35	Foliated/sheared komatiite with fine disseminated sulphides (~1%), part of probable base of komatiite flow sequence.	0.65	0.054	0.24	0.03
14KLDH01	93.7	94.5	0.8	~1% fine grained sulphides (possibly pyrrhotite and pentlandite) in sheared komatiite, part of probable base of komatiite flow sequence.	0.47	0.129	0.26	0.008
14KLDH01	94.5	94.8	0.3	~5% disseminated sulphides (pyrrhotite and possible pentlandite) in footwall basalt.	0.27	0.084	0.005	0.014
14KLDH01	137.1	137.6	0.5	Semi-massive sulphide vein including Ni sulphides (probably pentlandite) in metabasalt with spot handheld XRF value to 1.75% Ni. (assayed interval 137.1-137.6m)	0.46	0.043	0.12	0.02

Table 5: ***14KLDH01 Summary assay intercepts based on visual impression of geology and sulphide content***

It can be seen in Table 5 that elevated Ni values up to 0.65% Ni are close to the interpreted base of the komatiite unit also coincide partly with development of massive sulphides and consequently giving rise to an EM conductor as interpreted from Matsa's 2013 MLTEM survey data. Further it could be seen that elevated Ni values to 0.46% Ni below 137.1m depth also coincide with a massive sulphide lens and likely an additional conductor. These results encouraged Matsa to carry out DHEM and further surface EM surveys to explore for extensions to these zones of Ni sulphide mineralisation.

Down Hole EM (DHEM) Survey

Downhole surveys were carried out using a 200m loop designed to couple with semi-massive sulphide lenses intersected by diamond drillhole 14KLDH01. Refer to Appendix 1 in Matsa's announcement dated 20th June 2014.

Preliminary modeling and interpretation of downhole survey results identified two strong off-hole conductors. Both targets are highly conductive, and were both interpreted to be located at a distance of ~40m from diamond drillhole 14KLDH01 and are considered to be consistent with the presence of well-developed significant sulphides.

- HWG_C1 – This conductor is interpreted to be consistent with the targeted highly conductive (~15000-20000 Siemens) FLTEM source identified in the 2013 survey and to be an extension of the steeply SW dipping semi-massive sulphide lens in komatiite lavas intersected between 93.15 and 93.35m.

- HWG_C2 – This offset DHTEM conductor is present below HWG_C1 and is also interpreted to be highly conductive (~10000 Siemens). This conductor may be an extension of semi-massive sulphide lens in metabasalt intersected between 137.5 and 137.7m.

It was concluded that conductors HWG_C01 and HWG_C02 reflect massive sulphide bodies containing Ni sulphide mineralisation. It could be clearly seen that both conductors are located at the extreme SE edge of ground EM surveys carried out to date, including Matsa's 2013 survey. Consequently the decision was made to extend MLTEM/FLTEM coverage to the SE to map the extension of the key conductor targets prior to further drilling.

2014 FLTEM Survey HWG prospect

The location of the recently completed FLTEM survey is shown in Figure 4 and survey parameters have been included in Appendix 1.

Modeling and interpretation of FLTEM data appears to define at least 3 moderately to strongly conductive bodies with somewhat different geometries.

- A northern conductor (~5000-7500S) dipping moderately towards the NE. Source depth is ~75m to top and areal size ~75x150m.
- A southern conductor (~5000-7500S) dipping moderately towards the NE. Source depth is ~150m to top and areal size ~100x150m+.
- deeper strike extensive conductor of around ~1500-3000S. Source depth is ~200-300m to top and areal size >750x150m.

Based on current Modeling/interpretations drilling has been designed to test these three bedrock conductors. All bedrock conductors are interpreted to plunge shallowly-moderately towards the SE.

HWG Follow Up Drilling

A follow up drilling campaign has commenced with 14 KLDD02 sited to test the strike/down-plunge extensions of conductor C01 and C02.

Dunnsville Gold Project

The Dunnsville Gold Project comprises a group of Exploration Licences covering ~681km2 located only 65km WNW of Kalgoorlie and 50km NW of Coolgardie.

A regional 50m spaced high resolution aeromagnetic survey for a total of ~20,000 line km was completed during the previous quarter in order to finesse Matsa's large soil gold anomalies adjacent to the Ida Fault.

Data from the surveys has now been compiled into high resolution magnetic and radiometric images. This very high resolution dataset is currently being integrated into Matsa's exploration database and will be used to advance a number of large gold targets including Big Red where the company has previously intersected gold values to 7 g/t in deeply weathered basement rocks.

Minigwal Gold and Nickel Project

During the quarter, Matsa carried out a regional auger soil sampling at Minigwal, comprising of 883 samples. The sample spacing is 800m x 400 m for most part while at E39/1735, it is at 400m x 400m spacing. The sampling area is mostly covered in wind-blown sand from the Great Victorian Desert located to the east. In field use of PXRF analyses were carried out on prepared powders for Ni and Cu, while assays were submitted to ALS for Aqua Regia digest for gold. A total of 42 duplicate PXRF samples were submitted to ALS for AR analysis for Ni and Cu as part of the QA QC process. A description of assay procedures for Ni (PXRF v selected Lab assays) and Au are presented in Appendix 4.

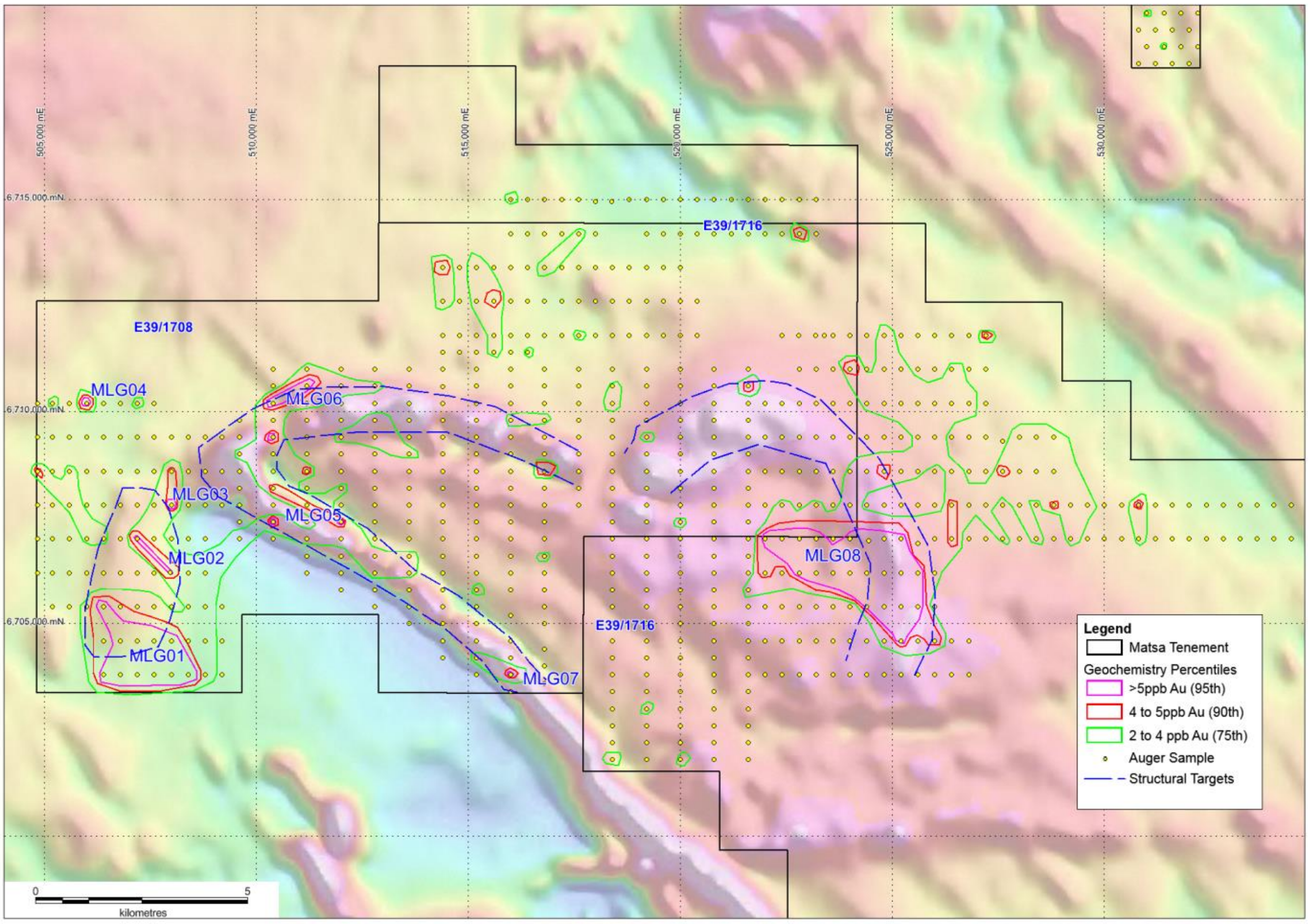

Figure 5 ***Minigwal Auger Sampling Summary***

This reconnaissance exploration work has successfully defined at least 9 anomalous gold targets and 6 of these are more than 1 km in strike extent. A brief summary of auger sample results is presented in Table 6.

ALS Assays	Au_ppb	Cr_ppm	Cu_ppm	Ni_ppm
Samples	882	42	42	42
Minimum	-1	26	4	7.3
Maximum	15	304	24.9	57.6
Mean	1.91	69.76	13.87	23.90
Median	2	60.5	13.8	21.9
25 percentile	1	51.25	10.225	13.175
50 percentile	2	60.5	13.8	21.9
75 percentile	3	76	18.1	32.5
90 percentile	4	96.4	21.78	39.64
95 percentile	6	111.05	24.47	43.85
98 percentile	8	304	24.9	57.6
FPXRF		**Cr_ppm**	**Cu_ppm**	**Ni_ppm**
Samples		879	879	879
Minimum		8.9		
Maximum		559	60	136
Mean		117	22.5	32.4
Median		114	22	31
25 percentile		96	15.2	20
50 percentile		114	22	31
75 percentile		134	29	44
90 percentile		156	34	53
95 percentile		173	36	59
98 percentile		217.6	39	68

Table 6: ***Minigwal Auger Sampling Assay Summary***

The gold anomalies are +5ppb and peak Au recorded is 15ppb. Based on this sampling work, most of the anomalies overlie three distinct structural features in the Minigwal project area.

- The largest target, MLG08, is located in the central part of the Minigwal project area and is defined on a broad 5km x 2km area over the eastern part of an 8km wide semi-circular/arcuate structural complex, probable dome. This large target has a peak Au value of 15 ppb.

- Situated along the western part of the project area, MLG01 straddles the southern part of the intrusive and the anomaly is spread along a 3km x 2km area. The current sampling coverage indicates that the anomaly is still open to the west and southern directions. Two relatively smaller anomalies, MLG02 and MLG03, were also associated with the same intrusive complex as MLG01.

- Adjacent to the MLG01 intrusive are anomalies along the fold nose of the “hair pin” fold. MLG05 and MLG06 flank the northern and southern limbs.

To further refine the extents of these targets, an infill auger sampling program, at 200m x 200m spacing, has already been planned and a POW lodged with the DMP. Auger sampling is expected to commence once the POW has been granted.

Corporate

During the quarter Matsa increased its holding in Bulletin Resources Limited (BNR) to 26.42% via on-market purchases. In late June BNR appointed two new directors to its board including Matsa’s Executive Chairman Paul Poli. BNR has finalised its sale and joint venture with Pacific Niugini Limited and currently retains a 51% in the Halls Creek Project. BNR will reduce its interest in the Halls Creek Project as Pacific Niugini Limited conducts further work.

Matsa retains $14M in cash and liquid investments at 30 June 2014. During the quarter Matsa took advantage of a strengthening Panoramic Resources Limited share price to divest some of its holding but currently retains 10.5M Panoramic shares.

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Exploration results

The information in this report that relates to Exploration results is based on information compiled by David Fielding, who is a Fellow of the Australasian Institute of Mining and Metallurgy. David Fielding is a full time employee of Matsa Resources Limited. David Fielding has sufficient experience which is relevant to the style of mineralisation and the type of ore deposit under consideration and the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. David Fielding consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 1: Matsa Resources Limited Symons Hill Project JORC 2012 Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Soil Samples comprise approximately 300g of -1.5mm bulk soils collected between a depth of 10 and 30cm. Assay techniques such as Mobile Metal Ion (MMI) partial digest require that stainless steel shovel for digging and plastic trowel to scoop out soil is used to minimize sample contamination. • Input from geochemical consultants eg ioGlobal Ltd has been sought from time to time to ensure that the size of sample is sufficient to ensure representivity of the soil mass being sampled. The target elements being sought are not present in coarse aggregates, coarse gold is not being targeted consequently 300g is sufficient for a representative sample • From a sampling perspective the target is basement mineralization. Sampling procedures for total digest are focused on the clay fraction which captures and amplifies the geochemical response above basement mineralization. Sample procedures for MMI likewise target the amplified geochemical response associated with mobile ions of the target element. • Sample preparation for core assaying involved crushing and pulverizing 3kg to produce 1g of sample for 4 acid digest and then measured using ICP-OES.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Aircore Drilling carried out by Challenge Drilling. Vacuum Bit achieving accurate face sampling. Bit diameter 75-80mm. • Second phase aircore drilling carried out by Frontline Drilling using a conventional aircore drill bit. • Limited RAB drilling (4 holes) were carried out early in the program but due to presence of "running sands" in the first target area, aircore was the drilling method of choice to continue the program. Hammer bits were occasionally used when aircore bit reaches refusal depth and rocks recovered are still highly weathered. • Reverse circulation carried out by Frontline drilling, using a truck-mounted Atlas Copco MK10 RC rig and SBD Drilling using truck-mounted Atlas Copco E220 RC rig. Both rigs used face sampling hammer bit. • Diamond drilling executed by Frontline employing a track-mounted

Criteria	JORC Code explanation	Commentary
		Desco 7000 rig. Mud rotary bit used from surface down to the weathered zone and changed to triple tube HQ from fresh rock to 126m then reduced to NQ2 up to end of hole. Core is oriented using Reflex ACT II RD digital core orientation tool.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Core recovery is determined against the recovered length of core compared to the drilled interval. Core recovery for 14KLDH01 was greater than 97%. • Drill contractor employed additives to maximize core recovery, especially when drilling through soft and broken ground.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Visual logging carried out on washed cuttings. All washed cuttings were retained in boxes. Selected fresh bottom of hole samples selected for petrography. Logging recorded as qualitative description of colour and lithological type. • Geologic and geotechnical logging carried out on the core. Logging recorded as qualitative description of colour, lithological type, grain size, structures, minerals and alteration. • All cores are photographed using a digital camera.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Samples of 1-4m were composited for assay. The subsampling technique was carried out by hand spearing drill residues over specified intervals to achieve a final sample weight of around 3 kg. The opportunity exists to go back to individual splits as a check on composite assay values. • Composite samples with results above 0.1% Ni were chosen for the 1m split sampling. Bulk residues of the bagged 1m interval were passed through a three-tier riffle splitter producing a 1-3kg sample. • Sample for Hand held XRF analysis. A scoop of sample from the end of hole (EOH) meter (~200g) were placed in a calico bag and air dried before being lightly pulverized and passed through a 1.5mm sieve. The fine fraction is hand-pulverized and then sieved through an 80-mesh (180 microns) screen. The powdered sample is pressed into a standard assay vessel as supplied by Choice Analytics specifically for use with handheld XRF equipment. • For RC drilling, samples are composited up to 4m in pre-numbered calico bags and submitted to the lab. The 1m rotary split samples with each weighing 1-3 kg are stored. Selected 1m splits samples will be submitted to the lab to define zones of mineralization based from the

Criteria	JORC Code explanation	Commentary
		results of the composited intervals. • Cores were sawn and quarter core splits were sampled and submitted to the lab. Cut lengths ranged from 0.2m up to 2.0m in lengths.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Soil and rock samples collected for gold and base metal exploration are assayed using an aqua regia digest and are regarded to be a total digest enabling total values for target elements to be measured. Analysis by inductively coupled plasma mass spectrometry (ICP-MS) technique is seen as the most cost effective technique for low level detection of gold and base metals. Inductively coupled plasma atomic emission spectrometry (ICP-AES) was also used to detect other elements such as Ca, Fe, K, etc. Precious metal (Au-Pd-Pt) determination is by 30g lead fire assay fusion and the resulting bead is digested in a three-stage acid process and measured using ICP-AES. For the 1m splits, four acid digestion was carried out and measured with ICP-AES. • For surface sampling no QA QC samples have been inserted and reliance is placed on laboratory procedures. Samples submitted for base metal analysis are “validated” in the field by a prior assay using the Olympus Handheld XRF unit. • Hand held XRF Analysis. Bottom of hole samples from aircore drillholes were analysed using a handheld Olympus Innovx Delta Premium (DP4000C model) XRF analyser. Reading times employed was 90 sec/beam for a total of 270 sec. • Composited aircore samples are assayed using four acid digest and analysed with ICP-AES. • Bottom of hole (BOH) samples assaying is carried out in complete geochemical characterization package (ALS method CCP-PKG01) using a variety of sample decomposition and analytical methods. Major elements (Si, Al, etc.) is by lithium metaborate fusion and measured with ICP-AES; C is combusted in a LECO induction furnace and measured using infrared spectroscopy; S is determined using a LECO sulphur analyser; trace elements (Ba, Ce, Cr, REEs, etc.) are by Li-borate fusion and quantified with ICP-MS; base metals (Ag, Cd, Co, etc.) are dissolved with four acid digest and determined using ICP-AES; volatile trace elements (As, Bi, Hg, etc.) are by aqua regia and measured using ICP-MS; and Loss on Ignition (LOI) is determined with gravimetric means after thermal decomposition in a furnace. • Au determination were carried out in both composite and BOH

Criteria	JORC Code explanation	Commentary
		samples using aqua regia digest and analysed with ICP-MS. • Composited RC samples are assayed using four acid digest and analysed with ICP-AES. • Crushed and pulverized core samples were subjected to 4 acid digestion and analysed using ICP-AES.

Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*
	• *The use of twinned holes.*
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*
	• *Discuss any adjustment to assay data.*
		• Not carried out because laboratory QA QC procedures are regarded as sufficient for surface samples and first pass aircore samples.
		• Data entry carried out by field personnel thus minimizing transcription or other errors. Trial plots in field and rigorous database procedures ensure that field and assay data are merged accurately.
		• Hand held XRF Analysis:
		  • Ni and Cu values from the most recently completed aircore programme at Symons Hill are compared graphically with 4 Acid digest results from samples representing the same interval (See Appendix 2) There is generally excellent agreement between the two datasets and Matsa has no hesitation in using "real time" XRF results to indentify Ni and Cu bedrock anomalies.
		  • Assays are collected on at least 2 blank samples and 2 duplicate samples in every batch of one hundred samples.

Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill collars are surveyed by modern hand held GPS units with an accuracy of 5m which is sufficient accuracy for the purpose of compiling and interpreting results. • Topographic control 2-5m accuracy using published maps or Shuttle Radar data is sufficient to evaluate topographic effects on assay distribution.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Sample spacing is established using the largest spacing possible for a likely target footprint to minimize cost. Issues such as transported overburden which can blanket geochemistry response lead to a reduction in sample spacing. • Aircore drillholes spacings were selected to achieve a first pass test of soil geochemical anomalies and to enable bedrock types to be characterized as a guide to a geologically driven exploration programme for Ni Sulphides.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Soil samples are collected on a staggered grid in order to minimize orientation bias. • Vertical Aircore drillholes were oriented along EW lines which are at a high angle to the geological strike. • RC and DD drill holes were oriented at -60^{o} due west which are at a high angle to the geological strike.

Criteria	JORC Code explanation	Commentary
Sample security	• *The measures taken to ensure sample security.*	• Not regarded as an issue for soil samples and first pass aircore samples beyond clear mark up and secure packaging to ensure safe arrival and accurate handling by personnel at assay facility. Aircore residues retained in strong green plastic bags pending further sampling. Assay Pulps retained until final results have been evaluated. • Sampling intervals were marked up on core accompanied by separate printed cutting interval sheet. Core trays were secured with steel straps on a pallet for transport to the core cutting contractor. Samples to the laboratory were placed in calico bags then onto green bags. The green bags were sealed with cable ties for transport to the laboratory.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Orientation surface sampling overseen by geochemical consultants to ensure best practice. First pass assays with hand held XRF machine to gain impression of mineralization. • Hand held XRF Analysis. Procedure analysis of drill hole samples was developed in conjunction with ioGlobal, but yet to be formally audited or reviewed.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• EL69/3070 which is owned 100% by Matsa Resources Ltd. • Located on Vacant Crown Land • The License intersects the buffer zones of the Fraser Range and Southern Hills PEC's Exploration to be managed in accordance with a Conservation Management Plan. • The project is located within Native Title Claim by the Ngadju people. • A heritage agreement has been signed and exploration is carried out within the terms of that agreement. • At the time of writing the licence is granted for a 5 year period expiring on 6th March 2018
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Prior work carried out by GSWA in the form of wide spaced helicopter based soil sampling and acquisition of 400m line spacing magnetic and radiometric data. • In the late 90s, Gold Partners NL has carried out few wide-spaced aircore drilling on one line along the southeast portion of the tenement. No anomalous assay results have been reported.

Criteria	JORC Code explanation	Commentary
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The target is Nova style Ni Cu mineralization hosted in high grade mafic granulites of the Fraser Complex
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	Co ordinates and other attributes of RC drillholes are included in Appendix 2. Each drilling programme will be attached in this way as information becomes available.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Aggregation of downhole assay values for Ni Cu and Co were shown for intercepts containing >0.1% Ni. Intercepts were calculated by averaging length weighted intercept values for the three elements (usually 4m lengths). Raw un - aggregated Cu, Ni and Co values have been included in previous release.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• All intercepts reported are measured in down hole metres.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Suitable summary plans have been included in the body of the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not required at this stage

Criteria	JORC Code explanation	Commentary
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Airborne VTEM (combined magnetic and electromagnetic) carried out in December 2012 by Geotech Airborne Pty Limited. A total of 6 priority targets and 15 second order targets identified and reported on by Southern Geoscience Consultants Ltd • Prior to December 2012, Comprehensive geochemical survey carried out by Matsa Resources comprising 614 samples mostly at 400m centres on a staggered grid identified targets SH01 to SH05. Infill at 200m x 200m completed over targets SH01 to SH05 in May 2013 for a total of 638 samples. • Ground EM 2013, carried out by Bushgum Holdings Pty Ltd, under supervision by Newexco consultants, consisting of both moving-loop (MLEM) and fixed-loop (FLEM) surveys. Data acquisition was achieved using a SMARTem24 8-channel geophysical receiver manufactured by ElectroMagnetic Imaging Technology (EMIT), Bartington 3-component magnetic field sensor (up to 1Hz frequency response) and a Zonge ZT-30 Loop Driver transmitter to power the loop with up to 30A. The MLEM and FLEM surveys are both 400m wide. In the MLEM, the survey lines are spaced 400m apart with receiving stations every 100m inside the loop along an E-W direction. In the FLEM, the receiving stations are 50m apart across 1 km traverse in an E-W direction. • Fixed Loop TEM Surveys carried out in February March 2014 by Outer Rim, SURVEY PARAMETERS Configuration : Fixed Loop, Station Spacing : 50 m; Receiver : SMARTem24, Frequency : 2.0833, Component Z,X,Y, Rx Coil : Fluxgate, Rx Area : 10000m2 turn-m; Transmitter : Crone-Ext, Tx Moment : Unknown turn-m, Tx Current : 20 A Turn Off : 0.5 ms Survey Location Plan Attached FLTEM loop sizes ranged from 300x500m to 400x600m, single loop turn. Multiple E-W survey lines were utilised (3) per line at 150m line spacing in order to adequately resolve potential bedrock conductors. All FLTEM surveying was completed with 50m station spacing • Induced polarization (IP) geophysical surveys over geochemical targets SHG01, SHG02 and SHG03. Survey type: Pole/Dipole-dipole (2D) at 100-200m spacing; Receiver: GDD GRX-32 IP receiver; Transmitter: zonge GGT-30; Frequency 0.125 Hz; Data coverage: N=12-16 ~300 to 500m depth of investigation.

Criteria	JORC Code explanation	Commentary
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• A hybrid MLTEM/FLTEM survey using high powered transmitters are planned along the Gloucester corridor, SHG10 and the remaining northwestern part of the tenement with the aim to detect deep level conductors at depths greater than 400m.

Appendix 2 - Matsa Resources Limited - Killaloe JV Project

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Soil Samples comprise approximately 300g of -1.5mm bulk soils collected between a depth of 10 and 30cm. Assay techniques such as Mobile Metal Ion (MMI) partial digest require that stainless steel shovel for digging and plastic trowel to scoop out soil is used to minimize sample contamination. • Input from geochemical consultants eg ioGlobal Ltd has been sought from time to time to ensure that the size of sample is sufficient to ensure representivity of the soil mass being sampled. The target elements being sought are not present in coarse aggregates, coarse gold is not being targeted consequently 300g is sufficient for a representative sample. • From a sampling perspective the target is basement mineralization. Sampling procedures for total digest are focused on the clay fraction which captures and amplifies the geochemical response above basement mineralization. Sample procedures for MMI likewise target the amplified geochemical response associated with mobile ions of the target element. • Sample preparation for core assaying involved crushing and pulverizing 3kg to produce 1g of sample for 4 acid digest and then measured using ICP-OES.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple*	• Aircore Drilling carried out by Challenge Drilling at KLGT01. Vacuum Bit achieving accurate face sampling. Bit diameter 75-80mm.

Criteria	JORC Code explanation	Commentary
	or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	• Aircore Drilling carried out by Ausdrill at KLGT02 using specialized lake rig. Vacuum Bit achieving accurate face sampling. Bit diameter 75-80mm. • Reverse circulation carried out by Frontline drilling using a truck-mounted Atlas Copco MK10 RC rig equipped with a face-sampling hammer bit. • Diamond drilling executed by Frontline employing a track-mounted Desco 7000 rig. Mud rotary bit used from surface down to the weathered zone and changed to triple tube HQ from fresh rock to 126m then reduced to NQ2 up to end of hole. Core is oriented using Reflex ACT II RD digital core orientation tool.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Core recovery is determined against the recovered length of core compared to the drilled interval. Core recovery for 14KLDH01 was greater than 97%. • Drill contractor employed additives to maximize core recovery, especially when drilling through soft and broken ground.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Visual logging carried out on washed cuttings. All washed cuttings were retained in boxes. Logging recorded as qualitative description of colour and lithological type. • Geologic and geotechnical logging carried out on the core. Logging recorded as qualitative description of colour, lithological type, grain size, structures, minerals and alteration. • All cores are photographed using a digital camera.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Samples of 1-4m were composited for assay. The subsampling technique was carried out by hand spearing drill residues over specified intervals to achieve a final sample weight of around 3 kg. The opportunity exists to go back to individual splits as a check on composite assay values. • Composite samples with results above 0.1 g/t Au were chosen for the 1m split sampling. Bulk residues of the bagged 1m interval were passed through a three-tier riffle splitter producing a 1-3kg sample. • For RC drilling, 1m rotary split samples with each weighing 1-3 kg are stored. Selected 1m splits samples were submitted to the lab to define zones of mineralization within the composited intervals. • Cores were sawn and quarter core splits were sampled and submitted to the lab. Cut lengths ranged from 0.2m up to 2.0m in

Criteria	JORC Code explanation	Commentary
		lengths.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Soil and rock samples collected for gold and base metal exploration are assayed using an aqua regia digest and are regarded to be a total digest enabling total values for target elements to be measured. Mobile Metal Ion (MMI) is a proprietary partial digest method where loosely bounded ions in soil particles goes into solution. Analysis by inductively coupled plasma mass spectrometry (ICP-MS) technique is seen as the most cost effective technique for low level detection of gold and base metals. • Olympus Innovx Delta Premium (DP4000C model) handheld XRF analyser. Reading times employed was 90 sec/beam for a total of 270 sec using Soil Mode. • Handheld XRF QAQC includes duplicates, standards and blanks. • Crushed and pulverized core samples were subjected to 4 acid digestion and analysed using ICP-AES.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Not carried out because laboratory QA QC procedures are regarded as sufficient for surface samples. • Data entry carried out by field personnel thus minimizing transcription or other errors. Trial plots in field and rigorous database procedures ensure that field and assay data are merged accurately.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill collars are surveyed by modern hand held GPS units with accuracy of 5m which is sufficient accuracy for the purpose of compiling and interpreting results. • Topographic control 2-5m accuracy using published maps or Shuttle Radar data is sufficient to evaluate topographic effects on assay distribution.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Sample spacing is established using the largest spacing possible for a likely target footprint to minimize cost. Issues such as transported overburden which can blanket geochemistry response lead to a reduction in sample spacing.
Orientation of data in	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering*	• Soil samples are collected on a staggered grid in order to minimize orientation bias.

Criteria	JORC Code explanation	Commentary
relation to geological structure	*the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Aircore holes at KLGT01 are oriented at -60^o due east which is nearly orthogonal to structure of the metasediment package. Drill traverses are oriented along EW lines. • Vertical aircore drillholes at KLGT02 were oriented along EW lines which is at a high angle to the geological strike. • The three RC drill holes are oriented at -60^o and due NE. Trend of felsic porphyry sill strikes NW and dips steeply to the SW.
Sample security	• *The measures taken to ensure sample security.*	• Not regarded as an issue for soil samples and first pass aircore samples beyond clear mark up and secure packaging to ensure safe arrival and accurate handling by personnel at assay facility. Aircore residues retained in strong green plastic bags pending further sampling. Assay Pulps retained until final results have been evaluated. • Sampling intervals were marked up on core accompanied by separate printed cutting interval sheet. Core trays were secured with steel straps on a pallet for transport to the core cutting contractor. Samples to the laboratory were placed in calico bags then onto green bags. The green bags were sealed with cable ties for transport to the laboratory.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Orientation sampling overseen by geochemical consultants to ensure best practice.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.*	• Cullen Exploration owns the tenements and Matsa has farmed in to the Killaloe Project and has earned 80% interest in the project after spending $500,000 in exploration costs. • The project consists of 2 ELs and 4 Prospecting licenses. • The Project is Located on Vacant Crown Land. • The project is located within Native Title Claim No. 99/002 by the Ngadju people. • A heritage agreement has been signed and exploration is carried out within the terms of that agreement. • At the time of writing these licenses expire between 14th June 2013 and 8th July 2017.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Significant past work has been carried out by other parties for both Ni and Au exploration including, surface geochemical sampling, ground electromagnetic surveys, RAB, AC, RC and DD drilling.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The target is gold in shear controlled mineralization close to a splay of the Zuleika Shear within a distinctive corridor of mafic volcanic, ultramafic and metasediments. • Another target is Kambalda style Ni hosted in ultramafic rocks within the project.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• Co ordinates and other attributes of diamond drillholes are included in Appendix 2.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Aggregation of downhole assay values for Au were shown for intercepts containing >0.1 g/t Au. Intercepts were calculated by averaging length weighted intercept values for Au (usually 4m lengths). • Aggregation of downhole assay values for Ni were shown for intercepts containing >0.1 % Ni. Intercepts were calculated by averaging length weighted intercept values for Ni. Raw un-aggregated Ni are shown in Appendix 3.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• All intercepts reported are measured in down hole metres.

Criteria	JORC Code explanation	Commentary
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Suitable summary plans have been included in the body of the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not required at this stage.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Surface geochemical review by ioGlobal consultants to highlight Au targets. • Infill soil sampling by Matsa of several prospects to enhance previously identified gold anomalies. • Regional geochemical survey carried out by Matsa Resources comprising 146 samples mostly at 400m centres on a staggered grid and infilled at 200m x 200m intervals. The targets referred to in the report were partly defined by this work. • Previous RC drill hole (KLC21) at Hanging Wall Gossan target intersected trace Ni sulphides (3m @ 0.49% Ni from 88m – includes 1m @ 0.65% Ni and 1m @ 0.52% Ni from 99m). No DHTEM were employed to test for off-hole conductors after this hole was drilled. • High Powered FLTEM (~90-100A), two loops utilised to provide alternate coupling scenarios - coverage overall 12 lines, 11.4kms for 240stns Loop sizes - 400x650m, KL-HW1 (east loop) and KL-HW2 (west loop) SMARTem24 Receiver, Fluxgate B-field ZXY Sensor 0.5Hz base frequency, Z+Up, X+54.4az, Y+324.4az
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Diamond drilling to test recently delineated EM anomalies. • DHTEM after completion of diamond drilling to further map any sulphide mineralization that will be encountered.

Appendix 3 – Drill Hole Locations and Assays

Hole_ID	Hole_Type	Depth	Easting	Northing	RL	Dip	Azimuth	Target	Commodity
14KLDH01	DD	198.50	395140	6460305	302	-60	055	Hanging Wall Gossan	Ni, Cu

Hole_ID	mFrom	mTo	Width	Ni_ppm	Cu_ppm	Co_ppm	Cr_ppm
14KLDH01	66	68	2	1694	12	84	1387
14KLDH01	68	70	2	1778	5	84	1358
14KLDH01	70	72	2	1906	7	87	1340
14KLDH01	72	74	2	2016	7	92	1418
14KLDH01	74	76	2	1983	7	90	1297
14KLDH01	76	78	2	2023	14	93	1368
14KLDH01	78	78.7	0.7	1936	13	95	1392
14KLDH01	78.7	79.5	0.8	3467	27	134	1113
14KLDH01	79.5	80	0.5	2862	31	122	1550
14KLDH01	80	82	2	3412	30	130	1429
14KLDH01	82	83	1	2627	18	112	1315
14KLDH01	83	83.8	0.8	2890	16	110	1081
14KLDH01	83.8	84.9	1.1	1644	7	79	1289
14KLDH01	84.9	86.9	2	1743	10	89	3232
14KLDH01	86.9	88.9	2	1581	14	83	3572
14KLDH01	88.9	90.2	1.3	1415	20	74	2788
14KLDH01	90.2	92.2	2	1387	38	65	2645
14KLDH01	92.2	92.6	0.4	2710	110	143	2310
14KLDH01	92.6	92.8	0.2	1247	27	84	3313
14KLDH01	92.8	93	0.2	2002	99	129	3225
14KLDH01	93	93.15	0.15	1932	423	211	3651
14KLDH01	93.15	93.35	0.2	5688	909	340	2401
14KLDH01	93.35	93.7	0.35	6498	539	297	2427
14KLDH01	93.7	94.5	0.8	4764	1287	79	2663
14KLDH01	94.5	94.8	0.3	2713	835	138	45
14KLDH01	94.8	96.8	2	36	58	9	34
14KLDH01	96.8	98.8	2	34	78	9	37
14KLDH01	98.8	100.8	2	25	81	17	32
14KLDH01	100.8	102.8	2	17	58	10	30
14KLDH01	102.8	104.6	1.8	81	386	42	31
14KLDH01	104.6	106.5	1.9	50	83	28	49
14KLDH01	106.5	108.5	2	62	87	26	36
14KLDH01	108.5	110.5	2	93	150	45	55
14KLDH01	110.5	112.5	2	36	47	22	47
14KLDH01	112.5	114.5	2	39	66	25	42
14KLDH01	114.5	116.5	2	19	38	10	34
14KLDH01	116.5	118.5	2	47	115	26	38
14KLDH01	118.5	120.5	2	35	96	22	30
14KLDH01	120.5	122.5	2	75	158	39	56
14KLDH01	122.5	124.5	2	66	348	43	37
14KLDH01	124.5	126.1	1.6	197	73	37	48

14KLDH01	126.1	126.3	0.2	3975	1318	280	1229
14KLDH01	126.3	128	1.7	1731	119	98	1175
14KLDH01	128	130	2	2127	53	108	1200
14KLDH01	130	132	2	2301	68	111	1298
14KLDH01	132	134	2	1737	48	91	1125
14KLDH01	134	135.5	1.5	4280	308	158	2011
14KLDH01	135.5	137.1	1.6	1204	527	69	1194
14KLDH01	137.1	137.6	0.5	4632	431	201	1244
14KLDH01	137.6	139	1.4	1663	33	76	1403
14KLDH01	139	140.8	1.8	2805	134	110	1276
14KLDH01	140.8	142.8	2	2690	124	112	1403
14KLDH01	142.8	144.4	1.6	1244	69	78	1892
14KLDH01	144.4	145.7	1.3	117	350	56	53
14KLDH01	145.7	146.15	0.45	291	2151	105	53
14KLDH01	146.15	147.2	1.05	98	132	35	33
14KLDH01	147.2	149.2	2	144	634	67	27
14KLDH01	149.2	151.2	2	96	501	57	22
14KLDH01	151.2	153.2	2	30	191	19	27
14KLDH01	153.2	155.2	2	32	160	26	29
14KLDH01	155.2	157	1.8	28	114	17	41
14KLDH01	157	157.45	0.45	57	206	34	48
14KLDH01	157.45	159.5	2.05	46	134	28	40
14KLDH01	159.5	161.5	2	27	74	14	30
14KLDH01	161.5	163.3	1.8	254	233	39	25
14KLDH01	163.3	165.2	1.9	137	92	20	32
14KLDH01	165.2	165.45	0.25	990	182	92	101
14KLDH01	165.45	167.5	2.05	1356	57	81	952
14KLDH01	167.5	169.1	1.6	2605	1082	187	1778
14KLDH01	169.1	169.6	0.5	1393	123	86	1226
14KLDH01	169.6	170.6	1	1336	224	82	1269
14KLDH01	170.6	171.7	1.1	1299	70	74	913
14KLDH01	171.7	173.7	2	1589	96	94	925
14KLDH01	173.7	176	2.3	2001	59	106	1008
14KLDH01	176	177.5	1.5	1991	61	106	1180
14KLDH01	177.5	179.5	2	1947	84	90	963
14KLDH01	179.5	181.5	2	2206	50	87	835
14KLDH01	181.5	183.5	2	2247	43	88	867
14KLDH01	183.5	185.5	2	2387	49	113	774
14KLDH01	185.5	187.5	2	2047	50	91	683
14KLDH01	187.5	189.5	2	3018	80	111	952
14KLDH01	189.5	191.5	2	2083	62	99	815
14KLDH01	191.5	193.6	2.1	1767	66	94	629
14KLDH01	193.6	195.6	2	1981	51	98	1176
14KLDH01	195.6	197.5	1.9	1759	46	90	851
14KLDH01	197.5	198.5	1	1562	29	82	1030

Appendix 4: Matsa Resources Limited Minigwal Project JORC 2012 Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Auger soil samples comprise approximately 300g of -1.5mm bulk soils collected between depths of 0.4m - 4.5m beneath transported sand cover.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Auger sampling carried out by Hass Drilling using a Toyota Landcruiser ute-mounted auger drill. Bit used is a two-blade spade tip bit
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Recovery was not measured.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or*	• Visual logging carried out on soil samples. Logging recorded as qualitative description of colour and grain size /soil type.

Criteria	JORC Code explanation	Commentary
	costean, channel, etc) photography. • *The total length and percentage of the relevant intersections logged.*	
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Samples of from bottom part of the auger hole is scooped and placed in calico bags for assay lab submission. • Sample for Hand held XRF analysis. A scoop of sample from the end of hole (EOH) meter (~200g) were placed in a calico bag and air dried before being lightly pulverized and passed through a 1.5mm sieve. The fine fraction is hand-pulverized and then sieved through an 80-mesh (180 microns) screen. The powdered sample is pressed into a standard assay vessel as supplied by Choice Analytics specifically for use with handheld XRF equipment.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Soil and rock samples collected for gold and base metal exploration are assayed using an aqua regia digest. Analysis by inductively coupled plasma mass spectrometry (ICP-MS) and ICP-AES technique is seen as the most cost effective technique for low level detection of gold and base metals. • For surface sampling no QA QC samples have been inserted and reliance is placed on laboratory procedures. Samples submitted for base metal analysis are "validated" in the field by a prior assay using the Olympus Handheld XRF unit. • Hand held XRF Analysis. auger samples were analysed using a handheld Olympus Innovx Delta Premium (DP4000C model) XRF analyser. Reading times employed was 90 sec/beam for a total of 270 sec.

Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*
	• *The use of twinned holes.*
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*
	• *Discuss any adjustment to assay data.*
		• Not carried out because laboratory QA QC procedures are regarded as sufficient for surface samples and first pass aircore samples.
		• Data entry carried out by field personnel thus minimizing transcription or other errors. Trial plots in field and rigorous database procedures ensure that field and assay data are merged accurately.
		• Hand held XRF Analysis:
		  • XRF readings on at least 2 blank samples and 2 duplicate samples in every batch of one hundred samples.
		  • 42 samples were submitted for aqua regia digest and analyses for a multielement suite including Ni and Cu the target elements. A comparison between PXRF and Aqua Regia Data is provided graphically at the end of this appendix. It can be seen that the

Criteria	JORC Code explanation	Commentary
		correlation is reasonable although XRF values are generally higher. Matsa believes that this is due to only partial take up of base metals by the AR digest and proposes further comparisons using a 4 acid digest method which is expected to produce more closely comparable results
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Auger drill collars are surveyed by modern hand held GPS units with an accuracy of 5m which is sufficient accuracy for the purpose of compiling and interpreting results. • Topographic control 2-5m accuracy using published maps or Shuttle Radar data is sufficient to evaluate topographic effects on assay distribution.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Sample spacing is on a grid pattern 400m x 800m except at E39/1707 which is sampled on a 400m x 400m grid.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Auger soil samples are collected on a grid pattern in order to minimize orientation bias.
Sample security	• *The measures taken to ensure sample security.*	• Not regarded as an issue for soil samples beyond clear mark up and secure packaging to ensure safe arrival and accurate handling by personnel at assay facility.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Hand held XRF Analysis. Procedure analysis of soil samples was developed in conjunction with ioGlobal, but yet to be formally audited or reviewed.

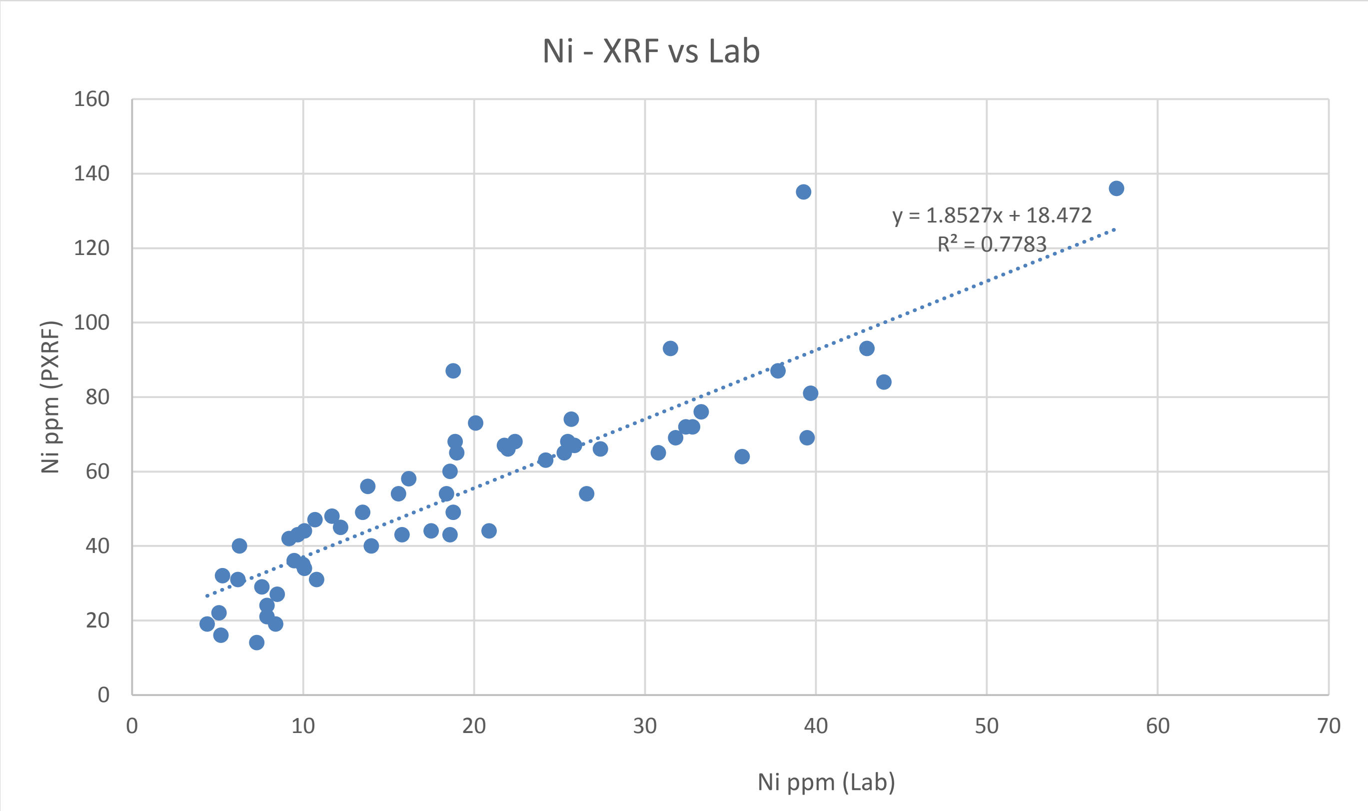
Section 2 Reporting of Exploration Results

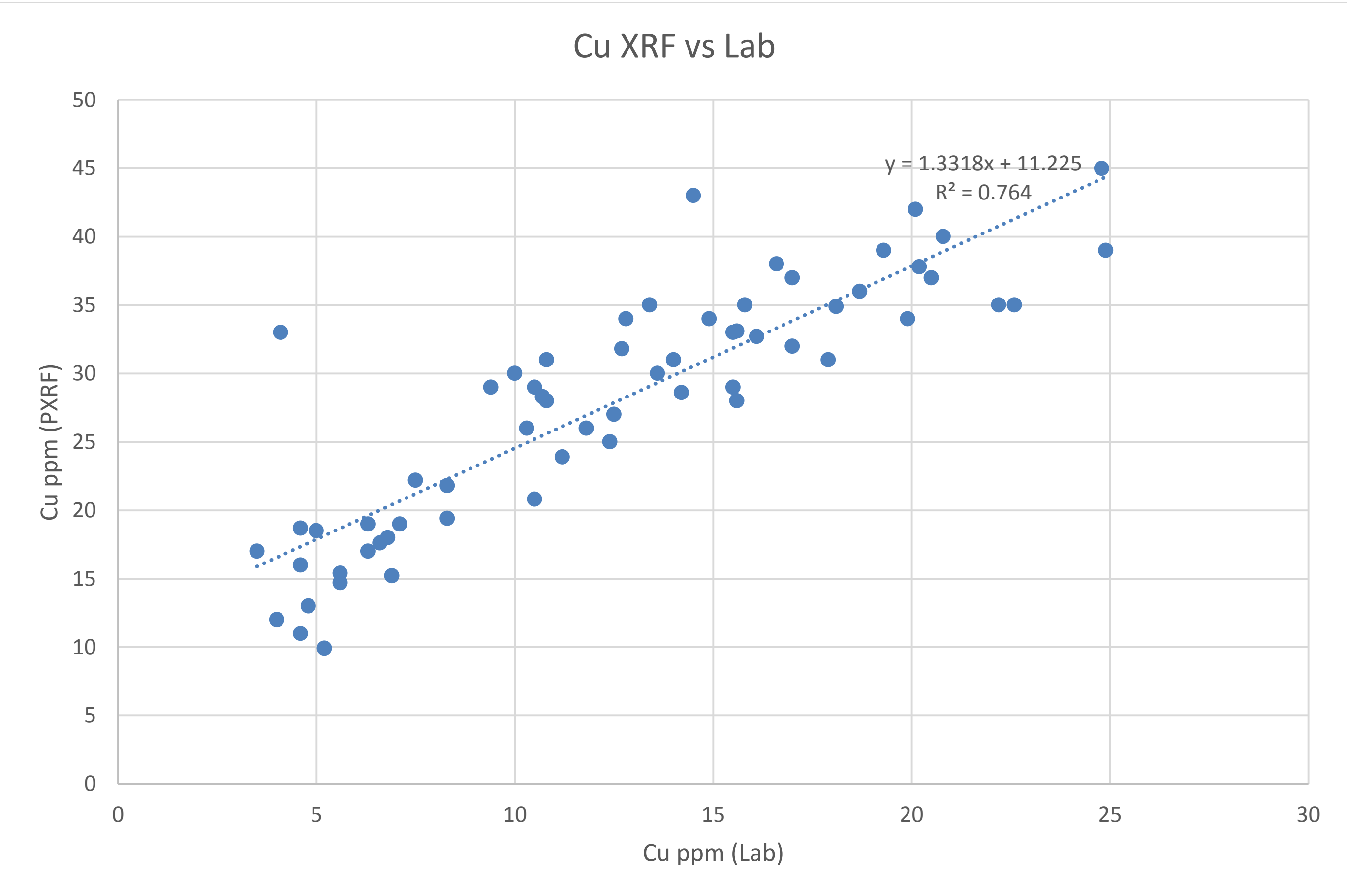
(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental*	• EL39/1707, E39/1708, E39/1716 and E39/1735 comprising the Minigwal Project is owned 100% by Matsa Resources Ltd. • All are located on Vacant Crown Land • Parts of E39/1708 and E39/1716 area is under Kurrku Claims.

Criteria	JORC Code explanation	Commentary
tenure status	*settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Prior work carried out by GSWA in the form of wide spaced helicopter based soil sampling and acquisition of 400m line spacing magnetic and radiometric data.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The targets are gold mineralization hosted in greenstone belts as well as Ni-Cu mineralization within ultramafic/komatiite bodies.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Not required at this stage
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not required at this stage
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not required at this stage

Criteria	JORC Code explanation	Commentary
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Suitable summary plans have been included in the body of the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not required at this stage
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Not required at this stage
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Infill auger sampling has been planned and awaiting POW approval.


Ni - XRF vs Lab
y = 1.8527x + 18.472
R² = 0.7783
Ni ppm (PXRF)
Ni ppm (Lab)
0
20
40
60
80
100
120
140
160
0
10
20
30
40
50
60
70


Cu XRF vs Lab
y = 1.3318x + 11.225
R² = 0.764
Cu ppm (PXRF)
Cu ppm (Lab)
0
5
10
15
20
25
30
35
40
45
50
0
5
10
15
20
25
30

Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

MATSA RESOURCES LIMITED

ABN	Quarter ended ("current quarter")
48 106 732 487	30 June 2014

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(1,080)	(3,216)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(408)	(1,778)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	23	94
1.5	Interest and other costs of finance paid	(1)	(5)
1.6	Income taxes paid	-	-
1.7	Other – R& D refund	-	883
	- Break fee received	-	100
	- Other	10	40
	Net Operating Cash Flows	(1,456)	(3,882)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	(208)	(489)
	(c) other fixed assets	(42)	(52)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	746	1,549
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – Security deposits refunded/(paid)	-	192
	Net investing cash flows	496	1,200
1.13	Total operating and investing cash flows (carried forward)	(960)	(2,682)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(960)	(2,682)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	2,861
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	39
1.17	Repayment of borrowings	(8)	(110)
1.18	Dividends paid	-	-
1.19	Other – Capital raising costs	-	(135)
	Net financing cash flows	(8)	2,655
	Net increase (decrease) in cash held	(968)	(27)
1.20	Cash at beginning of quarter/year to date	3,496	2,555
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	2,528	2,528

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	174
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	1,370
4.2	Development	-
4.3	Production	-
4.4	Administration	542
	Total	1,912

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	1,355	1,365
5.2	Deposits at call	1,173	2,131
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	2,528	3,496

Changes in interests in mining tenements and petroleum tenements

		Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Norseman (WA) E63/1215	Direct	100%	0%
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Dowak WA) E63/1638 E63/1639 Killaloe (WA) E63/1660 E63/1661 E63/1662 Halls Creek (WA) E80/4807 E80/4809	 Direct Direct Direct Direct Direct Direct Direct	 0% 0% 0% 0% 0% 0% 0%	 100% 100% 100% 100% 100% 100% 100%

Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	Nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	144,156,779	144,156,779		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
		350,000	Unlisted	$0.31	12 August 2014
		900,000	Unlisted	$0.40	12 September 2015
		5,500,000	Unlisted	$0.43	30 November 2015
		625,000	Unlisted	$0.40	30 September 2015
		925,000	Unlisted	$0.40	30 September 2016
	Performance Rights	1,000,000		Nil – subject to vesting criteria	30 November 2015
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*	Nil			
7.12	**Unsecured notes** *(totals only)*	Nil			

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

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

Sign here: ______________________________ Date: 31 July 2014
(Company secretary)

Print name: Andrew Chapman

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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